



HIGHLIGHTS OF GOVERNOR'S PROPOSED 2022-2023 BUDGET

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OVERVIEW

Governor Newsom has introduced a proposed 2022-23 budget, as required by Section 12 of Article IV of the California Constitution. It is summarized on the Department of Finance website: <https://www.ebudget.ca.gov/>. As required by Section 12, the Governor's proposed budget will be introduced as a bill in both houses of the Legislature by the Assembly and Senate budget chairs.

Another Large Surplus. California's largely voter-approved tax code—coupled with the past decade of prudent budgeting and the reserve and early debt payment requirements of Proposition 2 (2014)—has produced another large budget surplus. This surplus emerges in part due to the significant growth of the economy in 2021, fueled here by actions of Democratic-led federal and state administrations.

The Governor's Budget estimates that \$20.6 billion of General Fund money is available to be allocated to any public purpose during the 2022 budget process. In addition to that discretionary surplus, the administration estimates that \$16.1 billion of added Proposition 98 funding is available for schools and community colleges, compared to prior estimates. State budget reserves grow to \$34.6 billion in 2022-23 under the Governor's estimates, as the Proposition 2 Budget Stabilization Account reaches its maximum level (10% of General Fund revenues) for the first time.

Governor's Proposals. The Governor proposes allocating the vast majority of the discretionary surplus to one-time spending items to improve the lives of Californians. These proposals are summarized throughout this publication and include the following:

- Providing an additional \$1.4 billion for various state COVID-19 response efforts (proposed for early legislative approval prior to the June 15 budget deadline) and \$300 million ongoing annual funding—as envisioned in the 2021 budget agreement—for state and local public health efforts.
- Funding to expand Medi-Cal access to income-eligible adults age 26 to 49, regardless of immigration status.
- Supporting a package of proposals to sustain and expand access to reproductive health care services.
- Funding Proposition 98 for schools and community colleges at a record level: \$119 billion.
- Allocating \$2.2 billion from the General Fund across two fiscal years to support new construction and modernization projects through the School Facility Program, in light of the expected exhaustion of Proposition 51 bond authority in 2022-23.
- Funding access for at least 56,000 children for the universal transitional kindergarten program, as envisioned in last year's budget agreement.

- Adding 36,000 child care slots on top of 110,000 included in the 2021 budget.
- Adding more funding for after-school and summer programs, which the Governor asks be focused on local educational agencies with the highest concentration of low-income students, English language learners, and youth in foster care.
- Expanding the Young Child Tax Credit to more families, with an increase in the credit by indexing it to inflation.
- Adding funding for the state's public higher education segments, with a second year of funding for more affordable student housing facilities and funding of the expanded Middle Class Scholarship envisioned in the 2021 budget agreement.
- Restoring research and development tax credits and net operating losses for businesses' tax returns, which were limited in the 2020 state budget plan.
- Proposing \$3 billion over the next two years to reduce the Unemployment Insurance Trust Fund debt owed the federal government, thereby reducing employer costs at some point in the future.
- Augmenting recent state aid to small businesses with additional funds for the Small Business COVID-19 Relief Grant Program, approximately \$500 million in additional tax relief over several years for qualified recipients of federal relief grants in certain industries, and the waiving of initial filing fees for new businesses, among other proposals.
- Targeting billions in Proposition 98 and other funds to train workers for jobs critical to the state's future growth, including teachers, health care, and social service workers.
- Funding various workforce investments with a focus on achieving the state's climate goals, including \$450 million over three years starting in 2023-24 to support local governments as the economy adjusts.
- Adding \$1.2 billion over two years to continue investments in forest health and fire prevention, plus additions to firefighting budgets.
- Funding to address immediate drought response needs, such as critical drinking water emergencies, support of farmers and ranchers, and mitigation of drought damage to fish and wildlife.
- Providing \$9.1 billion for various transportation infrastructure projects, including \$4.2 billion of Proposition 1A (high-speed rail) bond funds.
- Adding \$6.1 billion from various fund sources over five years, focused on supporting zero-emission vehicles and charging infrastructure in low-income communities, among other proposals related to reducing vehicle emissions.
- Allocating \$2 billion over two years for incentives for long-duration energy storage, renewable hydrogen, and industrial decarbonization, including in the food processing sector.

- Adding \$1.5 billion over two years to accelerate affordable housing development.
- Adding \$2 billion over two years for investments to address homelessness, including behavioral health housing and encampment cleanup grants.
- Providing \$285 million over three years for grants to bolster local law enforcement responses to organized retail theft, plus funding for state retail theft responses, local gun buyback programs, and a drug interdiction program at the California-Mexico border.

HEALTH

Cross Cutting Issues

- Invests in climate change resiliency with: 1) \$350 million General Fund to recruit, train, and certify 25,000 new community health workers by 2025; 2) \$25 million one-time General Fund for a grant program to bolster the actions of Local Health Jurisdictions (LHJs) to address climate change-related health risks; and, 3) \$10 million ongoing General Fund to establish a surveillance program to link public health and health care data sources in order to create real-time notifications for LHJs, providers and patients on emerging or intensified climate-sensitive diseases.
- Proposes various policies and investments to improve and ensure access to reproductive health care, including: 1) increased flexibility for Medi-Cal providers to provide clinically appropriate medication abortion services by removing requirements for in-person follow-up visits and ultrasounds when not clinically indicated; 2) \$8 million (\$4.6 million General Fund) in 2022-23 and ongoing to add human papillomavirus vaccine as a Family PACT covered benefit, effective July 1, 2022; 3) \$20 million one-time General Fund for reproductive health care workforce programs at the Department of Health Care Access and Information (HCAI); 4) \$20 million for HCAI to provide grants to reproductive health care facilities to secure their physical and information technology infrastructure and enhance facility security; and, 5) \$20 million General Fund in 2022-23 for Covered California to support the \$1 Premium Subsidy Program.

Health Care Affordability

- Establishes the Office Health Care Affordability, 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 imposing financial consequences for entities that fail to meet these targets.
- Makes a commitment by the administration to work with the Legislature, Covered California, and stakeholders on options to improve affordability and access to health care coverage.
- Seeks to establish a partnership between the state and a contract manufacturer to increase the availability of insulin and other high-priority drugs, secure more consistent and reliable supply chains, and generally address the high costs of pharmaceuticals.
- Proposes \$1.5 million General Fund ongoing to reduce Medi-Cal premiums for working adults with disabilities.

Behavioral Health

- Proposes \$1.4 billion (\$335 million General Fund) to build California’s crisis response continuum, including to prepare for the establishment of 988 (including \$7.5 million General Fund one-time and \$6 million ongoing for the Office of Emergency Services), and the implementation of Medi-Cal mobile crisis services in January of 2023, in accordance with 85-percent federal matching funds provided through the American Rescue Plan Act of 2021.
- Proposes \$1.5 billion General Fund over two years for “bridge housing,” clinically-enhanced housing specifically for people with behavioral health needs.
- Proposes \$93 million General Fund in the current year and \$571 million (a \$350 million increase) in the budget year and ongoing to address the Incompetent to Stand Trial (IST) waiting list through: early access to medication stabilization teams; medication support, community-based treatment, and case management teams.
- Expands mental health diversion and community-based restoration capacity to support the IST population, including funding for: infrastructure for community residential beds; counties to expand mental health diversion and community-based restoration; county partnerships with stakeholders; and workforce development.
- Invests \$96 million General Fund in 2022-23 and \$61 million ongoing General Fund to respond to the opioid crisis by: 1) expanding the Medication Assisted Treatment program in jails, state facilities, and community programs; and 2) increasing naloxone distribution.
- Invests \$86 million in opioid settlement funds as follows: 1) \$50 million for the California Department of Public Health (CDPH) to implement a public awareness campaign targeted at youth and fentanyl risk; 2) \$5 million for CDPH to collect and analyze data on overdose trends; 3) \$26 million for HCAI for provider training on opioid treatment; and 4) \$5 million to the Department of Health Care Services to distribute naloxone to homeless service providers.
- Proposes \$10 million for a competitive grant program to prevent and treat depression as part of the California Initiative to Advance Precision Medicine.

Department of Health Care Services

- Expands eligibility for full-scope Medi-Cal to all income-eligible Californians, regardless of immigration status, with full implementation no sooner than January 2024, including \$819.3 million (\$613.5 million General Fund) in 2023-24 and \$2.7

billion (\$2.2 billion General Fund) annually at full implementation, inclusive of In-Home Supportive Services costs.

- Proposes to reauthorize the skilled nursing facility (SNF) quality assurance fee to implement reforms to Medi-Cal rates paid to SNFs with a focus on quality of care.
- Includes \$1.2 billion (\$435.5 million General Fund) in 2021-22, \$2.8 billion (\$982.6 million General Fund) in 2022-23, \$2.4 billion (\$876.4 million General Fund) in 2023-24, and \$1.6 billion (\$500 million General Fund) in 2024-25 for CalAIM, including increased investments for the Providing Access and Transforming Health (PATH) Program and for Enhanced Care Management.
- Makes a commitment by the administration to work with stakeholders to develop a new Foster Care Model of Care.
- Makes various investments in Medi-Cal provider payments, including backfilling Proposition 56-funded supplemental payments with \$176 million ongoing General Fund.
- Proposes \$20.2 million (\$9 million General Fund) in 2022-23 and \$24 million (\$10.7 million General Fund) ongoing to rescind various AB 97 (2011 budget trailer bill) cuts to 8 specified provider types, including: nurses, alternative birthing centers, audiologists and hearing aid dispensers, respiratory care providers, select durable medical equipment providers, chronic dialysis clinics, non-emergency medical transportation providers, and emergency medical air transportation providers.
- Proposes \$400 million (\$200 million General Fund) for provider payments focused on advancing equity and improving quality in children's preventive, maternity, and integrated behavioral health care.
- Proposes to work towards reforming the Medi-Cal payment system for public hospitals.

Department of Public Health

- Reflects an additional \$1.2 billion in the current year and \$1.2 billion in the budget year for COVID-19 related expenditures including: resources for testing and laboratory functions, vaccinations, contact tracing, medical surge staffing and state operations support.
- Invests \$100 million ongoing General Fund into public health infrastructure to support state operations, including: a new Office of Policy and Planning, emergency preparedness, public health workforce, information technology, and to address health equity and disparities.

- Allocates \$200 million ongoing General Fund to LHJs for public health infrastructure, to support: workforce expansion, data collection and integration, and community partnerships.
- Proposes \$235.2 million for CDPH to maintain and operate technology and data platforms and applications in 2022-23, for both the COVID-19 response and other potential disease outbreaks.
- Proposes trailer bill to require public hospitals to invest 25 percent of their community benefit funding to community based organizations to address the social determinants of health and health equity.
- Proposes \$74 million in one-time General Fund to support continued COVID-19 Pandemic response and humanitarian efforts for newly arrived migrants and local border communities.
- Invests \$10 million one-time General Fund to support the six existing Alzheimer's Healthy Brain Initiative grantees and to expand to up to six additional grantees to address dementia and promote brain health.
- Proposes \$50 million ongoing General Fund to expand the California Home Visiting Program and the California Black Infant Health Program.
- Proposes \$10 million General Fund to expand early literacy efforts for young children through the Women, Infants, and Children (WIC) Program.

Department of Health Care Access and Information

- Proposes \$1 billion in one-time General Fund over three years to strengthen the state's health and human services workforce.
- Includes \$20 million to support the reproductive health care workforce.
- Includes \$20 million to support reproductive health care facilities.
- Proposes \$30 million General Fund to establish the Office of Health Care Affordability.
- Proposes to give HCAI enforcement authority over new funding for community-based organizations, from proposed new trailer bill that would designate 25 percent of public hospitals' community benefit funds for this purpose.

Department of State Hospitals

- Proposes statutory language authorizing the Department of Finance to augment DSH's budget by an additional \$350 million General Fund, building on the \$175 million already available in 2022-23 authorized by the 2021 Budget Act for the purposes of implementing solutions identified by the IST Workgroup to address the IST patient waitlist.
- Includes \$2.4 million General Fund in 2022-23, \$19.8 million General Fund in 2023-24, \$20.8 million General Fund in 2024-25 and \$8.2 million General Fund in 2025-26 and ongoing to prepare for and support operation of the enterprise Continuum Electronic Health Records project.
- Includes \$64.6 million General Fund in 2022-23 related to direct response costs to continue responding to, and mitigating the impacts of, the COVID-19 Pandemic.

HUMAN SERVICES

Department of Social Services

Food and Hunger

- Includes \$35.2 million General Fund for planning purposes, increasing to \$113.4 million General Fund annually in 2025-26, to expand the California Food Assistance Program (CFAP) program to Californians age 55 and older regardless of immigration status, based on statute included with the 2021 Budget Act.
- Includes \$50 million one-time General Fund for the CalFood program, funding food banks located across the state, to mitigate increases in food needs among low-income and food-insecure populations throughout the state.

CalWORKs

- Includes a 7.1-percent increase to CalWORKs Maximum Aid Payment levels. The average monthly CalWORKs caseload is estimated to be 398,000 families in 2022-23.
- Waives the state's share of recoupment of child support payments for families in the CalWORKs program, resulting in a total estimated pass-through to formerly assisted families of \$187 million annually. Under current law, families formerly receiving state assistance (such as CalWORKs) do not receive the full "pass-through" of child support payments collected by the state.

In-Home Supportive Services (IHSS)

- Includes \$192 million General Fund in 2021-22 and \$399 million in 2022-23 to reflect increased minimum wage costs in the IHSS program due to the \$15-per-hour state minimum wage, effective January 1, 2022. Average monthly caseload in the IHSS program is estimated to be 599,000 recipients in 2022-23.
- Includes \$24.8 million (\$11.2 million General Fund) ongoing to establish a permanent back-up provider system for IHSS recipients to avoid disruptions to caregiving due to an immediate need or emergencies.

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

- Includes an additional SSP increase of 24 percent, effective January 1, 2024, resulting in an estimated \$296 million General Fund in 2023-24 and \$593 million ongoing, to restore SSP monthly payments for both individuals and couples to pre-

Great Recession levels. The increase is projected to bring maximum SSI/SSP grant levels to \$1,123 per month for individuals and \$1,940 per month for couples in 2024. The average monthly caseload in this program is estimated to be 1.1 million recipients in 2022-23.

Foster Care and Child Welfare

- Includes a refundable \$1,000 tax credit for young adults aged 18 through 25 who were former foster youth at age 13 or older.
- Includes \$1 million one-time General Fund, available over two years, for county child welfare agencies to provide case management and support services for former foster youth utilizing federal housing choice vouchers in the Foster Youth Independence Pilot Program.
- Includes \$1 million (\$750,000 General Fund) ongoing to provide additional technical assistance and training to counties in meeting the need for children in foster care and unaccompanied minors to be connected to permanent family.
- Includes \$6.1 million (\$4.4 million General Fund) one-time, available over three years, for county child welfare agencies to address Resource Family Approval (RFA) applications that have pending or probationary approval for more than 90 days.
- Includes \$4.7 million one-time General Fund, available over three years, to continue operation of a helpline for parents and youth. The helpline is a statewide triage and support system, established during the COVID-19 Pandemic, that helps deliver services to children, families, and caregivers by phone and online.

Department of Developmental Services

- Includes 65.5 million (\$45.1 million General Fund) to strengthen the transition process for three-year-old children with intellectual and/or developmental disabilities moving from the Early Start program (Part C of the federal Individuals with Disabilities Education Act (IDEA)) to special education (Part B of IDEA). This funding supports service coordinator-to-child caseload ratios, supports to preschools to increase inclusion of children served by regional centers, establishment of IDEA specialists at each regional center, and resources to facilitate interagency coordination.
- Includes \$15 million (\$9 million General Fund) one-time funding to support communication assessments that will be used in developing individual program

plans to improve services for individuals with intellectual and developmental disabilities who are deaf (Deaf+).

- Includes \$8.3 million (\$5 million General Fund) to establish a service model pilot program focused on expanding employment opportunities for individuals with intellectual and/or developmental disabilities who are currently served through Work Activity Programs or are recent high school graduates.
- Includes funding for a new position focused on supporting aging individuals with developmental disabilities and their families.

Department of Aging

- Includes \$2.1 million (\$1.8 million General Fund) to bolster the Master Plan for Aging's Data Dashboard to drive outcomes and sustain public engagement for statewide initiatives. These funds are also intended to strengthen civic engagement policies and programs in the California Commission on Aging.
- Includes one-time \$10 million General Fund for various volunteer programs across the state including for programs to engage older adults in volunteer service.
- Includes funding for a new position to coordinate best practices with county Public Conservator agencies serving people with probate conservatorships at the California Department of Aging.

PK-12 PUBLIC EDUCATION AND EARLY EDUCATION

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

- Provides a total Proposition 98 General Fund funding level of \$95.9 billion in 2020-21, \$99.1 billion in 2021-22, and \$102 billion in 2022-23.
- Provides a total of \$102 billion for Proposition 98 funding for 2022-23, \$639.2 million above the Test One guarantee level, for state preschool, TK-12 public education, and community colleges.
- Projects TK-12 ongoing per-pupil spending to be \$119 Billion in 2022-23 from all funding sources, at a funding rate of \$20,855 per student. State TK-12 funding per student grows to \$15,278 in 2022-23, an increase \$1,286 (9.2 percent) over the 2021-22 enacted budget level.
- Provides \$7.2 billion in new on-going and \$10.5 billion in one-time Proposition 98 funding.

Major PreK-12 Education Proposals

- Provides an increase of \$3.3 billion in Proposition 98 funding for the Local Control Funding Formula (LCFF), reflecting a 5.33% percent cost-of-living adjustment in 2022-23, for a total of \$70.522 billion in LCFF funding.
- Provides \$295 million for a 5.33% COLA to statutorily-required TK-12 programs, including nutrition.
- Provides \$3.1 billion in 2020-21, \$3.6 billion in the current year, and \$3.1 billion 2022-23 Budget year to the Public School System Stabilization Account.
- Authorizes \$1.4 billion in the Proposition 51 K-12 school bond fund allocations, and an additional \$ 2.225 billion in General Fund for school facilities after the exhaustion of bond funds for new construction and modernization, and \$30 million for charter school facilities.
- Provides \$1 billion to expand Universal Transitional Kindergarten (UTK) access including:
 - \$639.2 million General Fund to “rebench” the Proposition 98 guarantee for an estimated 56,000 new universal TK enrollments in 2022-23.
 - \$393 million Proposition 98 to decrease UTK ratios to be consistent with State Preschool.

- Recognizes 2025-26 goal for full UTK implementations.
- Proposes a \$500 million expansion of Special Education base funding with the following policy reform proposals:
 - Calculates base funding that the local education agency (LEA) level.
 - Consolidates extraordinary cost pools.
 - Allocates mental health funds to LEAs.
 - Creates a special education addendum for the Local Control Accountability Plans (LCAP).
 - Supports model Individualized Education Plan template development.
 - Establishes an alternative high school diploma pathway with a workgroup to determine standards.
 - Supports Department of Education (CDE) and Department of Developmental Services IDEA Parts C and B infrastructure.
- Increases Expanded Learning Opportunity Program funding from \$1.7 billion to \$4.4 billion in on-going Proposition 98 funding for after school and summer options for all students, including a new \$937 million arts and music supplement.
- Increases career technical education funding with \$1.5 billion one-time Proposition 98 funding for Career Pathways Programs over a four-year time period.
- Proposes to expand dual-enrollment capacity for high school students in college-level coursework with \$500 million one-time Proposition 98 funding over a four-year time period.
- Proposes \$1.5 billion in one-time Proposition 98 funds for green school transportation infrastructure.
- Increases school nutrition funding for kitchen and service infrastructure by \$450 million one-time for kitchen and equipment, \$3 million for meal start-up grants, and \$60 million for Farm to School initiatives.
- Supports a new early literacy initiative including:
 - \$500 million one-time Proposition 98 funding over five years for intensive interventions including literacy coaching.
 - \$200 million one-time for multi-lingual libraries.
 - \$10 million for the Department of Public Health and First 5 California.
 - \$2 million for early identification tools in California State Preschool Programs (CSPP).
 - \$60 million for early identification professional support in CSPP.

- Contains \$54.4 million one-time investments from several programs to address the current educator workforce shortages, pandemic response, and professional development, including:
 - \$36 million in Commission on Teacher Credentialing (CTC) fee relief.
 - \$10 million for the Integrated Teacher Preparation Program.
 - Ongoing and one-time supports for the CTC teacher pipeline initiatives.
- Provides an increase of \$14 million one-time Proposition 98 to support county offices of education in developing model curricula related to the Vietnamese American refugee experience, the Cambodian genocide, Hmong history and cultural studies, and Native American studies, and an increase of \$246,000 one-time non-Proposition 98 General Fund for the Instructional Quality Commission to continue its work on curriculum frameworks.
- Provides County Offices of Education an increase of \$11.5 million ongoing Proposition 98 General Fund to reflect a 5.33-percent cost-of-living adjustment and ADA changes applicable to the LCFF.
- Contains an increase of \$2 million ongoing Proposition 98 to support an augmentation to the Agricultural Career Technical Education Incentive Grant program.
- Proposes to allow LEAs to use a modified average daily attendance (ADA) calculation for purposes of their 2022-23 LCFF determination.
- Proposes changes to Independent Study policy to simplify work-value calculations for “distance learning” models.

Major Early Education and Child Care Proposals

- Increases overall funding for child care to a total of \$5.8 billion annually, including \$2.3 General Fund for the 2022-23 Budget Year.
- Provides an increase of \$823.7 million (\$429 million federal funds, and \$394.7 million in General Fund) to annualize the 2021-22 Budget Act 120,000 new slots and increase child care program access by approximately 35,000 additional slots, with the continued goal from the 2021-22 Budget Act to serve 200,000 new children by 2025-26.
- Provides \$373 million in federal funds to annualize current year increases in child care funding rates.

- Increases the California State Preschool Program by \$309 million on-going (\$197.8 million Proposition 98, \$110.6 million General Fund) for enhanced program standards:
 - Require at least 10 percent of slots be provided to students with disabilities.
 - Create IEP categorical eligibility.
 - Extend child eligibility to a minimum of 24 months.
 - Allow programs to enroll two-year old children and older.

- Increases the Inclusive Early Education Expansion Program with \$500 million in one-time Proposition 98 funding.

- Proposes an additional \$25 million to address child care access “deserts.”

HIGHER EDUCATION

University of California

- Provides \$201 million ongoing General Fund for a 5 percent unrestricted base increase. This proposal is linked to the Governor's compact with UC, which include 5 percent base increases, 3.1 percent resident undergraduate enrollment growth in 2022-3, and 1 percent resident undergraduate enrollment growth annually thereafter through 2026-27. Additionally, UC's compact calls for 2,500 more resident graduate students over the period. The compact also assumes UC increases student tuition charges consistent with the plan adopted by the Board of Regents. In tandem with establishing these funding expectations, the compact sets forth 18 associated expectations for UC. These expectations include increasing the four-year freshman graduation rate, increasing access to online courses, and working to offer every undergraduate a debt-free education by 2030.
- Provides \$68 million ongoing General Fund to increase resident undergraduate enrollment by 6,230 FTE students (3.1 percent) in 2022-23 over the 2020-21 level, per the agreement reached in the 2021 Budget Act.
- Provides \$31 million ongoing General Fund to replace 902 nonresident undergraduate students with the same number of resident undergraduate students at the Berkeley, Los Angeles, and San Diego campuses (combined), per the agreement reached in the 2021 Budget Act.
- Provides \$6 million ongoing General Fund for foster youth support programs.
- Provides \$2 million ongoing General Fund for research at the University of California Firearm Violence Research Center.
- Provides \$185 million one-time General Fund for three climate-related initiatives: (1) \$100 million for seed and matching research grants; (2) \$50 million for regional innovation incubators; and (3) \$35 million for workforce development and training hubs.
- Provides \$100 million one-time General Fund for deferred maintenance and energy efficiency projects.
- Provides \$10 million one-time General Fund to support the UC San Francisco Dyslexia Center.

California State University

- Provides \$211 ongoing General Fund for a 5 percent unrestricted base increase, linked to the Governor's compact with CSU. The largest components of CSU's compact are 5 percent base increases, almost 3 percent resident undergraduate enrollment growth in 2022-3, and 1 percent resident undergraduate enrollment growth annually thereafter through 2026-27. In tandem with establishing these funding expectations, the compact sets forth 22 performance expectations for CSU, including increasing its four-year freshman graduation rate, making on-campus housing more affordable, and doubling opportunities for student research and internships.
- Provides \$82 million ongoing General Fund for increased retiree health benefit costs.
- Provides \$81 million ongoing General Fund for increased pension costs.
- Provides \$81 million ongoing General Fund to increase resident undergraduate enrollment by 9,434 FTE students (2.8 percent) in 2022-23 over the 2021-22 level, per agreement reached in the 2021 Budget Act.
- Provides \$12 million ongoing General Fund for foster youth support programs at CSU.
- Provides \$100 million one-time General Fund for deferred maintenance and energy efficiency projects.
- Provides \$83 million one-time General Fund to construct the CSU Bakersfield Energy Innovation Center.
- Provides \$50 million one-time General Fund for equipment and facilities at CSU university farms.

California Community Colleges

- Provides \$409 million ongoing Proposition 98 General Fund for a 5.33 percent SCFF (apportionment) Cost of living adjustment (COLA).
- Announces a roadmap for CCC that is somewhat different than the compacts for CSU and UC in that it does not set forth in advance outyear base increases. Instead, it leaves these base increases to be determined depending upon available Proposition 98 funds in future years. The roadmap is similar to the university compacts, however, in setting forth certain expectations to be achieved by the colleges over a five-year period. The 15 expectations for the colleges include increasing student graduation and transfer rates, closing equity gaps, establishing a common intersegmental learning management system and admission platform, and enhancing K-14 as well as workforce pathways.

- Proposes on a permanent basis to provide all districts with no less than their 2024-25 hold harmless amount—regardless of the number of students they serve that year or in the future.
- Increases funding by \$200 million ongoing Proposition 98 General Fund for the Part-Time Faculty Health Insurance Program.
- Provides \$100 million ongoing Proposition 98 General Fund for the Student Success Completion Grants.
- Provides \$53 million ongoing Proposition 98 General Fund for a 5.33 percent COLA to select categorical programs (specifically, the Adult Education Program, apprenticeship programs, CalWORKs student services, campus child care support, Disabled Students Programs and Services, Extended Opportunity Programs and Services, and the CCC mandates block grant).
- Provides \$25 million ongoing Proposition 98 General Fund for cybersecurity and other technology enhancements.
- Provides \$25 million ongoing Proposition 98 General Fund for 0.5 percent enrollment growth.
- Provides \$10 million ongoing Proposition 98 General Fund for the Equal Employment Opportunity program to support faculty and staff diversity, equity, and inclusion.
- Provides \$10 million ongoing Proposition 98 General Fund for financial aid administration.
- Provides \$10 million ongoing Proposition 98 General Fund to expand the NextUp foster youth program.
- Provides \$1.1 million ongoing Proposition 98 General Fund for the African American Male Education Network and Development (A2MEND) program.
- Proposes \$1.4 million ongoing non-Proposition 98 General Fund for 9 new positions at the Chancellor's Office beginning in 2022-23 and another \$1.4 million ongoing non-Proposition 98 General Fund for 10 additional positions beginning in 2023-24. The new positions would support several divisions of the Chancellor's Office, including educational services, college finance, legal, and government relations.
- Proposes \$373 million in General Obligation Bonds (Proposition 51) for 18 capital outlay projects. Of these, 17 projects would receive funding for the construction phase and 1 project would receive funding for the working drawings phase.

- Provides \$389 million one-time Proposition 98 General Fund for facilities maintenance and instructional equipment.
- Provides \$150 million one-time Proposition 98 General Fund for student enrollment and retention strategies. (In the Governor's Budget Summary, the administration articulates an expectation that community college districts aim to offer at least 50 percent of their course sections in person for the 2022-23 academic year, provided districts still meet student demand and adhere to public health guidelines in place at that time.)
- Provides \$130 million one-time Proposition 98 General Fund for a health care pathways initiative for English learners administered through the Adult Education Program. Of this amount, \$30 million would be available in 2022-23, \$50 million in 2023-24, and \$50 million in 2024-25.
- Provides \$105 million one-time Proposition 98 General Fund to implement a common course numbering system.
- Provides \$75 million one-time Proposition 98 General Fund for cybersecurity and other technology enhancements.
- Provides \$65 million one-time Proposition 98 General Fund to implement certain statutorily required transfer reforms, including the establishment of a single, common lower-division general education pathway that meets the academic requirements necessary for transfer admission to CSU and UC.
- Provides \$25 million one-time Proposition 98 General Fund for intersegmental curricular pathways software.
- Provides \$20 million one-time Proposition 98 General Fund for a grant program focused on grades 9-14 to create pathways in education (including early education); health care; and science, technology, engineering, and mathematics.
- Provides \$20 million one-time Proposition 98 General Fund for emergency financial assistance for AB 540 Dreamer students.
- Provides \$5 million one-time Proposition 98 General Fund for the Teacher Credentialing Partnership Program.
- Provides \$179,000 one-time Proposition 98 General Fund for a study to identify Umoja program best practices.

California Student Aid Commission

- Provides \$515 million ongoing General Fund to revamp the Middle Class Scholarship program, per the 2021 Budget Act.
- Provides \$300 million one-time General Fund to provide a second year of funding for the Learning-Aligned Employment program, per the 2021 Budget Act.
- Proposes \$479,000 ongoing General Fund and five positions for CSAC to administer recent financial aid program expansions.
- Provides \$500,000 one-time General Fund to provide more financial aid application assistance through the Cash for College program.

Student Housing

- Provides \$750 million one-time General Fund for affordable student housing projects at CCC, CSU, and UC, implementing the second year of the state's three-year \$2 billion initiative adopted in the 2021 Budget Act.

Scholarshare Investment Board

- Provides \$170 million ongoing General Fund to the Scholarshare Investment Board to establish college savings accounts for low-income first-graders through the California Kids Investment and Development Savings (CalKIDS) program.
- Proposes to provide the Scholarshare Investment Board with \$5 million one-time General Fund for CalKIDS marketing, as well as \$5 million ongoing General Fund for financial literacy outreach efforts related to saving for college.

Office of Planning and Research

- Provides \$30 million one-time General Fund to provide up to 30 grant awards to innovative higher education projects linked with a public college or university.
- Provides \$20 million one-time General Fund to support the Carnegie Institution of Science's Pasadena Climate Research Hub facility.
- Provides \$3 million ongoing General Fund to the California Education Learning Laboratory to restore base funding and support an adaptive learning project.

California State Library

- Provides \$14 million General Fund (\$1.2 million ongoing and \$12.8 million one-time) to expand the State Library's existing efforts to digitize state resources. The ongoing funds would support nine permanent positions and the one-time funds would purchase new digitization equipment.

- Provides \$8.8 million one-time General Fund to continue support for local library-based online job training and upskilling programs for an additional two years. The programs previously were supported with one-time federal relief funds.
- Provides \$5 million ongoing General Fund for the Lunch at the Library program, adding more library sites and supporting two permanent positions to oversee the program.
- Provides \$2.2 million ongoing General Fund to cover higher building rental costs at the Library and Courts building.

Hastings College of the Law

- Provides \$2 million ongoing General Fund for a base operations increase. The budget also assumes Hastings increases resident tuition by 3 percent in 2022-23, representing the first increase since 2011-12.

NATURAL RESOURCES

Department of Parks and Recreation

- Provides \$50 million in General Fund for art installations to enhance interpretive efforts in state parks and local parks.
- Allocates \$50 million one-time General Fund for future State Parks infrastructure projects.
- Funds \$9.8 million one-time General Fund to support California Native Americans' engagement and interpretation in state parks.

Santa Monica Mountains Conservancy

- Provides \$10 million in General Fund for Liberty Canyon Wildlife Corridor to secure funding to complete the tunnel phase of the crossing project over the Agoura Road frontage road.

ENVIRONMENTAL PROTECTION

California Air Resources Board

- Provides \$240 million to implement AB 617, the Community Air Protection Program.
- Allocates \$30 million to deploy pollution monitors in disadvantaged communities.
- Appropriates \$7.6 million from the Air Pollution Control Fund for the Air Resources Board to continue implementing the Heavy-Duty Vehicle Inspection and Maintenance Program (SB 210).
- Creates the Office of Racial Equity with \$1.8 million ongoing from the Air Pollution Control Fund.
- Funds \$676 million for zero-emission vehicles, as outlined in the Climate Change Section.

Office of Environmental Health Hazard Assessment

- Provides \$565,000 ongoing General Fund and two positions to create a new racial equity and environmental justice program.
- Allocates \$370,000 ongoing from multiple fund sources and two positions to support the tracking of changes in community pollution burden using information from the CalEnviroScreen mapping tool.
- Allocates \$350,001 ongoing from Greenhouse Gas Reduction Fund for targeted biomonitoring studies in AB 617 communities.

Department of Pesticide Management

- Directs \$882,000 Department of Pesticide Regulation Fund to investigate and enforce pesticide residue and use violations, as well as statutory changes to better achieve compliance with regulatory requirements and local implementation of statewide pesticide use enforcement priorities.

Department of Toxic Substances Control

- Appropriates \$49.5 million (various special funds) in 2022-23 and \$50.8 million (various special funds) ongoing to address areas identified in the DTSC workload analysis as high risk, including enforcement, support local California Unified

Program Agencies, validate safer household products, accelerate cleanup of contaminated properties, and support the legal department.

- Expresses anticipation of future proposals to better regulate the metal shredding industry.

CLIMATE CHANGE

Zero-Emission Vehicles

- Invests an additional \$6.1 billion (\$3.5 billion General Fund, \$1.5 billion Proposition 98, \$676 million Greenhouse Gas Reduction Fund, and \$383 million Federal Funds) one-time over five years, including:
 - Directs \$256 million for low-income vehicle purchase incentives and \$900 million for infrastructure for in low-income neighborhoods.
 - Funds \$419 million for community based sustainable transportation projects.
 - Appropriates \$935 million for 1,000 zero-emission short-haul (drayage) trucks and 1,700 zero-emission transit buses.
 - Provides \$1.5 billion Proposition 98 to support school transportation programs, including advancing electric school buses.
 - Allots \$1.1 billion for zero-emission trucks, buses, and off-road equipment and fueling infrastructure.
 - Directs \$400 million to enable port electrification.
 - Invests \$200 million in demonstration and pilot projects in high carbon-emitting sectors, such as maritime, aviation, rail, and other off-road applications.

Clean Energy

- Provides \$2 billion (\$2.035 billion General Fund over two years, \$1.5 million Energy Resources Programs Account in 2022-23, \$2.6 million Public Utilities Commission Utilities Reimbursement Account ongoing) for clean energy to:
 - Invests \$380 million at the Energy Commission over two years for long duration storage.
 - Provides \$100 million to the Energy Commission to encourage green hydrogen.
 - Allocates \$210 million over two years to the Energy Commission to accelerate decarbonization in the industrial sector.

- Appropriates \$85 million to the Energy Commission to install energy efficiency and renewable energy at food production facilities.
- Creates the Offshore Wind Energy Deployment Facility Improvement Program at the Energy Commission with \$45 million to advance offshore wind.
- Funds \$240 million over two years to develop a temperature pump at the Oroville Dam, to the Department of Water Resources.
- Funds \$7 million to model California's energy needs at the Energy Commission.
- Invests \$962.4 million in general fund over two years to provide:
 - Provides \$40 million to CARB to accelerate low-global warming causing refrigerants.
 - Allocates \$300 million to the Energy Commission for consumer rebates for building upgrades including decarbonization.
 - Appropriates \$622.4 million to the Energy Commission for a statewide low income building retrofit program.
- Expresses interest in working with the Legislature and the Lithium Valley Commission in the spring to provide expedited permitting and royalties payments for lithium development in the Salton Sea.
- Expresses interest in developing a clean energy loan program with the federal Department of Energy.
- Provides \$136 million in federal infrastructure funds over five years for weatherization and energy assistance programs.

Wildfires

- Invests \$1.2 billion (\$800 million General Fund and \$400 million Greenhouse Gas Reduction Fund) over two years for wildfire prevention and response, specifically:
 - Provides \$482 million for resilient forests and landscapes.
 - Invests \$100 million in reforestation.

- Funds \$382 million for fuel breaks through CalFIRE and the California Conservation Corps.
- Appropriates \$44 million for community hardening.
- Allocates \$110 million for regional support and technical assistance.
- Allots \$38 million for science based management including research and remote sensing.
- Funds \$44 million to expand wood product supply chain and workforce development.

CalFIRE

- Allocates \$400 million ongoing in General Fund to improve the health and wellness of CAL FIRE firefighters.
- Provides \$14.4 million General Fund (\$11.6 million ongoing) and 40 positions for implementing AB 9, AB 642, SB 109, and SB 456.
- Funds \$45 million in General Fund annually for three years for 10 helicopters (Exclusive Use Type 1 Helitankers).
- Provides \$99 million General Fund onetime and \$11.7 million ongoing for four Fire Hawk Helicopters.
- Allocates \$35.8 million General Fund in 2022-23 and \$2.8 million ongoing for surge capacity dozers and fire engines.
- Spends \$68.6 million in General Fund in 2022-2023 and \$81.3 million ongoing and 33 positions to convert 16 existing seasonal CCC and California National Guard crews to year-round availability and add 20 new permanent fire crews to the statewide system.
- Directs \$175.2 million (\$119.7 million General Fund and \$55.5 million Public Buildings Construction Fund) as part of a planned \$1.1 billion (\$429.5 million General Fund and \$671 million Public Buildings Construction Fund) over the next five years for the continuation and addition of critical major capital outlay projects statewide.

Drought

- Provides an additional \$750 million one-time General Fund including:
 - Appropriates \$180 million for large urban and small water suppliers to improve water efficiency, address leaks, reduce demand, provide water use efficiency-related mapping and training, support turf replacement, and maintain a drought vulnerability tool.
 - Allots \$145 million for local emergency drought assistance and grants to local water agencies facing loss of water supplies.
 - Provides \$40 million for multibenefit land repurposing.
 - Funds \$75 million for fish and wildlife protection.
 - Invests \$30 million for groundwater recharge.
 - Provides \$20 million for the State Water Efficiency and Enhancement Program, which provides grants to implement irrigation systems that save water on agricultural operations.
 - Allocates \$10 million for mobile irrigation labs, land use mapping and imagery, irrigation education, and direct assistance to small farmers and ranchers who have experienced water cost increases of more than 50 percent.
 - Sets aside \$250 million for a drought contingencies.
- Provides \$3.725 billion over five years in federal infrastructure funds to improve local water infrastructure.

Extreme Heat

- Appropriates \$175 million for extreme heat, consistent with commitments in the 2021 Budget including:
 - Awards \$100 million for the Urban Forestry and Urban Greening programs.
 - Funds \$25 million for the Community Resilience and Heat program.
 - Provides \$25 million for community resilience centers.
 - Allocates \$25 million for the Low-Income Weatherization Program.

Nature Based Solutions

- Provides \$382 million for multi-benefit nature based solutions as directed in the 2021 budget, with more details in the spring.
- Appropriates \$768 million over two years to implement of the state's Natural and Working Lands Climate Smart Strategy and 30x30 Pathways strategy, with more details in the spring, per the 2021 budget.

Coastal Resilience

- Provides \$350 million for coastal wetland protection and restoration, and projects that build coastal resilience, per the 2021 budget.
- Funds \$50 million for projects that protect and restore healthy ocean and coastal ecosystems, including estuarine and kelp forest habitat, the state's system of marine protected areas, and to build climate-ready fisheries, per the 2021 Budget.

Community Resilience

- Provides \$325 million of investments per the 2021 budget:
 - Appropriates \$165 million for the Transformative Climate Communities Program.
 - Allocates \$135 million for the Regional Climate Collaboratives and Resilience Program.
 - Provides \$4.7 million ongoing for the Climate Action Corps program.

Climate Smart Agriculture

- Funds \$417 million per the 2021 budget including:
 - Provides \$85 million to the Healthy Soils Program.
 - Funds \$150 million to the Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER).
 - Allocates \$48 million to reduce methane from livestock.
 - Directs \$25 million to the Climate Catalyst Fund for agriculture loans.

- Funds \$15 million for the pollinator habitat program.
- Provides \$22 million for technical assistance grants for the development of conservation plans.

Circular Economy

- Provides \$65 million for the second year of investments per the 2021 budget.

TRANSPORTATION

General Issues

- Provides that the Infrastructure Investment and Jobs Act (IIJA) will deliver more than \$10 billion of new formula-based transportation funding to California over the next five years and billions of dollars in additional funding from new competitive grants.

State Transportation Infrastructure Package

- Proposes investing an additional \$9.1 billion in the transportation system and other related zero-emission vehicle (ZEV) efforts.
 - Includes \$4.2 billion to complete electrified high-speed rail construction in the Central Valley, perform advance work for service between Merced and Bakersfield, and complete advance planning and project design for the entire project. This is in addition to the funds available for this program in Cap and Trade.
 - Provides \$2 billion for high priority transit and rail infrastructure projects for rail and transit connectivity.
 - Proposes \$1.25 billion to deliver local and regional projects focusing on mobility and greenhouse gas reduction.
 - Includes \$750 million for Active Transportation networks including:
 - \$500 million for Active Transportation Projects
 - \$150 million to establish Reconnecting Communities: Highways to Boulevards Pilot Program.
 - \$100 million for bicycle and pedestrian safety.
 - Includes \$500 million to support high priority grade separation projects.
 - Provides \$400 million for climate adaptation projects.

Supply Chain and Port Infrastructure

- Proposes \$2.3 billion for supply chain investments, including \$1.2 billion for port, freight, and goods movement infrastructure and \$1.1 billion for other related areas such as workforce training and ZEV equipment and infrastructure related to the supply chain as follows:

- Includes \$1.2 billion for port-related high-priority projects that increase goods movement capacity on rail and roadways serving ports and at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- Proposes \$875 million for zero-emission port equipment, short-haul (drayage) trucks, and infrastructure.
- Provides \$110 million for a training campus, to support workforce resilience in the face of supply chain disruption and accelerate the deployment of zero emission equipment and technologies.
- Proposes \$40 million to enhance California's capacity to issue Commercial Driver's Licenses.
- Includes \$30 million for the Governor's Office of Business and Economic Development to provide funding for operational and process improvements at the ports.
- Proposes \$100 million General Fund to continue the Clean California Local Grant Program into 2023-24, which provides grants to cities, counties, transit agencies, tribal governments and other government agencies to beautify their communities and remove trash and debris.
- Proposes to forego the annual inflation adjustment to the per gallon fuel excise tax rate scheduled to occur on July 1, 2022. This pause is expected to decrease fuel tax revenues by \$523 million in 2022-23 based on an estimated 5.6-percent inflation rate. Proposes to examine the potential to backfill the local share of reduced revenues on a one-time basis with State Highway Account funds.

GENERAL GOVERNMENT

Housing

- Provides \$500 million one-time General Fund (\$225 million in 2022-23, and \$275 million in 2023-24) for the Infill Infrastructure Grant program, which prioritizes prime infill parcels in downtown-oriented areas and brownfields.
- Includes 300 million one-time General Fund (\$75 million in 2022-23, and \$225 million in 2023-24) for the Affordable Housing and Sustainable Communities program to support land-use, housing, transportation, and land preservation projects for infill and compact development that reduce greenhouse gas emissions. This supplements the existing annual Cap and Trade auction proceeds available for this program.
- Proposes \$100 million one-time General Fund (\$25 million in 2022-23, and \$75 million in 2023-24) to expand affordable housing development and adaptive reuse opportunities on state excess land sites.
- Proposes \$100 million one-time General Fund (\$50 million in 2022-23, and \$50 million in 2023-24) for adaptive reuse incentive grants. These grants will help remove cost impediments to adaptive reuse to help accelerate residential conversions, with a priority on projects located in downtown-oriented areas.
- Includes \$200 million one-time General Fund (\$50 million in 2022-23, and \$150 million in 2023-24) for the California Housing Finance Agency to provide loans to developers for mixed-income rental housing, specifically for households with incomes between 30 percent and 120 percent of the Area Median Income.
- Proposes \$200 million one-time General Fund (\$50 million in 2022-23, and \$150 million in 2023-24) for the Portfolio Reinvestment Program to further preserve targeted units in downtown-oriented areas and continue increasing the state's affordable housing stock.
- Includes \$100 million one-time General Fund (\$25 million in 2022-23, and \$75 million in 2023-24) for HCD's Mobilehome Park Rehabilitation and Resident Ownership Program. These funds will finance the preservation and development of affordable mobilehome parks.

Homelessness

- Proposes \$1.5 billion General Fund over two years in dedicated resources to address immediate housing and treatment needs. Funding will be administered through DHCS' Behavioral Health Continuum Infrastructure Program for tiny homes and to provide time-limited operational supports in these tiny homes or in other bridge housing settings including existing assisted living settings.
- Includes an additional \$500 million one-time General Fund to deploy a substantially expanded program for jurisdictions to invest in short- and long-term rehousing strategies for encampments.
- Proposes \$10.6 million General Fund annually for three years to continue the Returning Home Well Program, which provides transitional housing services to individuals who would otherwise be at risk of being unhoused at the time of their release.

Governor's Office of Business and Economic Development

- Provides \$150 million one-time General Fund to support small businesses previously waitlisted in prior rounds of the state's Small Business COVID-19 Relief Grant Program. Of this total amount, \$20 million will be reallocated from the undersubscribed nonprofit cultural institution grants, and an additional investment of \$130 million will cover the remaining amount.
- Proposes statutory changes reestablish the iHub program as the Accelerate CA: Inclusive Innovation Hubs program to focus on inclusive economic growth. The Budget includes an additional \$20 million General Fund over four years to: (1) expand the number of Hubs from 10 to 13 regions across the state, and (2) establish the Entrepreneurship Fund to provide grants of up to \$100,000 per business for five new businesses incubated at each of the Hubs.
- Includes \$6 million General Fund in 2022-23 to bolster TAEP to handle increased demand, and \$23 million ongoing General Fund to permanently support the Program. In addition, the Budget includes \$3 million ongoing General Fund beginning in 2023-24 to support the continuation of the Capital Infusion Program, which supports one-on-one business consulting provided by the Small Business Development Center Network to assist small businesses in accessing capital.
- Proposes \$20 million one-time General Fund for grants to small businesses that have suffered damages in retail theft incidents to assist with repairing or replacing infrastructure to resume business operations. These grants will be administered by GO-Biz.

- Includes \$45 million one-time General Fund to support strategic media recovery campaigns that will help continue the recovery of the California travel and tourism industry.
- Provides \$11.6 million General Fund in 2022-23, and \$500,000 annually thereafter, for GO-Biz to support statewide coordination for immigrant integration through enhanced services for immigrant communities at the state and local level, and supports for economic development activities, including at the California-Mexico border.

Workforce Development

- Includes \$1.7 billion over three years in care economy workforce development—across both the Labor Agency and California Health and Human Services Agency—to recruit, train, and hire and will advance an ethnically and culturally inclusive health and human services workforce, with improved diversity and higher wages.
- Reflects \$1.5 billion Proposition 98 General Fund effort to support the development of college and career pathways focused on education, health care, technology, and climate-related fields.
- Includes multiple workforce investments with a focus on climate change, including \$35 million General Fund to the University of California to create regional workforce development and training hubs focused on climate change; \$30 million General Fund over two years to the California Community Colleges to train, develop, and certify forestry professionals; and \$60 million General Fund over three years for the California Workforce Development Board's Low Carbon Economy Workforce grant program.
- Includes \$54.4 million in combined Proposition 98 General Fund and General Fund to build upon multi-year investments in the 2021 Budget Act to support immediate efforts to enhance schools' ability to hire qualified teachers and substitutes.
- Provides \$60 million for immigrant workforce issues including \$30 million at EDD to expand the English Language Learner pilots in the Integrated Education and Training programs to 15 sites across the state; \$20 million for the Employment Training Panel to expand workplace literacy training in contextualized English, digital skills, and technical skills; and \$10 million to expand earn-and-learn community change career pathways for community college students through the California Youth Leadership Corps.

Unemployment Insurance

- Proposes \$3 billion General Fund over two years (\$1 billion in 2022-23, and \$2 billion General Fund in 2023-24) to pay down a portion of the UI debt.
- Projects \$470.1 million one-time General Fund to pay the forecasted UI interest payment, which will accrue over the full federal fiscal year and come due in September 2022.
- Includes \$133.9 million (\$121.2 million General Fund) in limited-term resources to continue supporting the Department's development of IT systems, improve service for claimants, and protect the state from fraud, while EDD identifies longer-term plans.

Governmental Operations

- Proposes \$665,000 ongoing General Fund and 4 positions to establish the Government Excellence and Transformation Center (Center) under the Government Operations Agency (GovOps).
- Projects a 20-percent overall space reduction in the state's leased office space portfolio, which will realize approximately \$84.7 million in annual savings, due to increased telework by state employees.
- Includes \$7.6 million (\$6.3 million General Fund) in 2022-23 and \$6.8 million (\$5.5 million General Fund) ongoing and 43 positions for CalHR to implement recommendations by the California.

State Employee Compensation

- Provides \$770.5 million (\$377.8 million General Fund) for increased employee compensation, health care costs for active state employees, and retiree health care prefunding contributions for active employees. Included in these costs are collectively bargained salary and benefit increases resulting from contract and side letter negotiations. Funding is also included for 2023 calendar year increases in health care and dental premiums and enrollment.

Pension Liability Payment

- Reflects \$3.5 billion in constitutionally required Proposition 2 debt repayment funding to further reduce the state's CalPERS unfunded liability. This proposed change will result in a minimum additional \$7 billion in estimated savings to the state over the next three decades. Based on current revenue projections, an additional \$6 billion in Proposition 2 funding is planned to be paid to CalPERS over fiscal years 2023-24 to 2025-26.

Arts Funding

- Includes \$30 million one-time General Fund, to be spent over three years, to support 14 existing cultural districts.
- Provides \$173,000 ongoing General Fund to support the California Poet Laureate and California Youth Poet Laureate. This funding will also enable the Arts Council to provide outreach and technical assistance to all 58 counties for literary arts programs, including the Poet Laureate, Youth Poet Laureate, and the Poetry Out Loud programs.
- Includes \$50 million one-time General Fund for the California Department of Parks and Recreation to create new California Cultural and Art Installations in the Parks Program for state and local parks. Art installations will reflect local cultural heritages, connect the public to natural resources of state and local parks, and provide contemporary experiences to visitors.

Cannabis

- Includes \$13.6 million Cannabis Tax Fund in 2022-23 to fund a unified licensing system, data warehouse, and a consumer awareness campaign.

Office of Planning and Research

- Includes \$65 million ongoing General Fund to create the Office of Community Partnerships and Strategic Communications to formalize and leverage the infrastructure and work of the Census 2020 and COVID-19 public awareness and community engagement campaigns.
- Provides \$10 million one-time General Fund for volunteer programs to engage older adults in volunteer service that benefits schools, families, and communities across the State.
- Adds \$10 million ongoing General Fund to expand California's existing volunteer infrastructure and bolster the statewide Neighbor-to-Neighbor initiative to recruit, train, equip, and organize neighbors to address community needs.
- Includes \$10 million one-time General Fund for a competitive grant program to support precision medicine-based approaches to preventing, diagnosing, and treating depression.
- Adds \$9.3 million one-time General Fund to increase participation in biomedical research to better reflect California's diversity.

INFRASTRUCTURE

- Includes \$20 billion over five years across various infrastructure investments in transportation, energy, housing, wildfire resilience, and drought to advance the state's climate and opportunity agenda.
 - \$2 billion over two years for a Clean Energy Investment
 - \$1.2 billion (\$800 million General Fund and \$400 million Greenhouse Gas Reduction Fund) over two years for Wildlife and Forest Resilience
 - \$750 million one-time General Fund to support drought resilience and response, including water conservation, groundwater recharge, and assistance for small farmers whose needs have grown more acute with extended dry conditions
 - \$6.1 billion (\$3.5 billion General Fund, \$1.5 billion Proposition 98, \$676 million Greenhouse Gas Reduction Fund, and \$383 million Federal Funds) over five years for ZEV acceleration, with a focus on communities that are most impacted, bringing the total investment to \$10 billion over six years to decarbonize California's most polluting sector and improve public health.
 - \$10.6 billion (\$6.1 billion General Fund) in new transportation investments in 2022-23
 - \$1.3 billion one-time General Fund in 2022-23 and \$925 million one-time General Fund in 2023-24 to support new construction and modernization projects through the School Facility Program.
 - Includes \$100 million one-time General Fund to address UC deferred maintenance needs and energy efficiency projects. Additionally, the Budget proposes \$100 million one-time General Fund to address CSU deferred maintenance needs.

REVENUES AND TAXATION

Revenues

- *General Fund.* Provides that the General Fund revenue, including transfers, is expected to be \$196.7 billion in 2021-22 and \$195.7 billion in 2022-23. The projected increase since the 2021 Budget Act can be attributed to four main factors: (1) a more robust economic recovery, (2) a greater share of wage gains going to high-wage sectors, (3) a stronger-than-forecast stock market, and (4) higher inflation.
- *Personal Income Tax.* Provides that the personal income tax forecast has been upgraded significantly, reflecting all four of these factors.
- *Sales Tax.* States that the sales tax forecast has improved considerably due to the stronger economic recovery and higher inflation (price increases have led to more sales tax revenue).
- *Corporation Tax.* Provides that the corporation tax forecast has improved significantly due to very strong growth in corporate profits.

Tax Proposals

- Includes eleven proposals to provide assistance to low-income households, restaurants and venue owners, and small businesses including:
 - Conforming to federal tax treatment of grants from the federal Shuttered Venue Operator Grant program and the federal tax treatment of grants from the federal Restaurant Revitalization Fund;
 - Expanding the elective pass-through entity tax to allow the credit to reduce tax below tentative minimum tax and by allowing disregarded entities to participate in the program;
 - New tax credits to encourage research and development related to activities and technologies that mitigate climate change and to fund pre-development costs for novel climate technologies.
 - Eliminating the cap on the use of tax credits and net operating losses for the 2022 tax year.
 - Indexing the \$1,000 Young Child Tax Credit (YCTC) amount to inflation.

- Allowing the YCTC to be claimed by households with zero income.
- Creating a \$1,000 credit for young adults who have come through the foster care system.
- Providing tax payment flexibility for low- and moderate-income households.

PUBLIC SAFETY

California Department of Corrections and Rehabilitation

- Provides a total of \$14.2 billion (\$13.8 billion General Fund and \$364.4 million other funds) to the California Department of Corrections and Rehabilitation (CDCR) to operate 33 state owned and operated prisons and 1 leased and operated prison with a total prison population of 96,285 (as of January 5, 2022).
- Projects the average daily adult incarcerated population for 2021-22 to be 104,554, a decrease of 2 percent from spring projections. Current projections show the adult incarcerated population is temporarily trending upward and is expected to increase by 8,310 individuals between 2021-22 and 2022-23, primarily because CDCR has resumed intake of individuals in county jails. The population is projected to resume long-term downward trends to 100,361 in 2024-25. As of December 2021, 725 individuals remained in county jails for transfer and CDCR estimates that the backlog will be cleared by January 2022. Projects the need for \$20 million in additional reimbursements to counties in 2021-22.
- Projects the average daily parolee population to decrease by 5,306 to 42,963 in 2022-23, a decrease of 11 percent from spring projections. The parole population is projected to decline to 38,284 by June 30, 2026.
- Provides \$424.7 million one-time General Fund for COVID-19 related activities in 2022-23. In 2019-20 and 20-21, CDCR expended \$1.1 billion to support COVID-19 related activities. The 2021 Budget Act provided \$408 million to continue these activities and CDCR currently estimates the need for an additional \$205.5 million for these purposes in 2021-22.
- Closed 567 and 500 minimum security beds at California Correctional Institution and California Training Facility. Projected closure of the California Correction Center in Susanville will result in an estimated \$122 million in annual savings. Closure plans are currently on hold due to a preliminary injunction issued by the Lassen County Superior Court.
- Includes \$1.5 million General Fund for a consulting contract to repurpose condemned housing areas, making permanent the Condemned Inmate Transfer Pilot Program.
- Includes \$10.6 million General Fund annually for three years for the Returning Home Well Program which provides emergency transitional housing services.

- Includes \$5 million General Fund in 2022-23 and \$4.7 million ongoing to permanently fund Bachelor's Degree programs at seven prisons in collaboration with the California State University system.
- Provides \$567,000 General Fund in 2022-23 and \$1.1 million through 2025-26 to provide tattoo removal services for people preparing for release or leaving prison gangs.
- Provides \$3.9 million General Fund in 2022-23 and \$4.6 million ongoing to provide administrative support related to Inmate Activity Groups.
- Provides \$9.5 million General Fund to continue providing modified work assignments for staff with medical conditions.
- Provides \$12.6 million General Fund (of a total of \$52.7 million one-time funding through 2025-26, and an additional \$2.4 million ongoing) to establish an Enhanced Managed Access System at all prisons to stop calls and texts, including newer technologies such as 5G networks.
- Includes \$80.3 million General Fund in 2022-23 and \$7.6 million ongoing to install fix camera systems in ten additional prisons and deploy body worn cameras at 4 additional prisons.
- Includes \$19.5 million General Fund in 2022-23 and \$1.4 million ongoing for the procurement of new technology to support implementation of the new camera systems.
- Provides \$5.3 million General Fund in 2021-22, \$35.6 million in 2022-23, and \$34.2 million ongoing to supplement that staff complaint process.
- Provides \$6.2 million General Fund in 2022-23, growing to \$11.8 million in 2024-25 for CDCR to conduct investigations within its existing central intake process and strengthen disciplinary procedures.
- Provides \$3.8 billion General Fund for health care services programs including:
 - \$126.6 million General Fund in 2022-23 and \$162.5 million ongoing to expand the Integrated Substance Use Disorder Treatment Program.
 - \$10.4 million ongoing (\$5.2 million General Fund and \$5.2 million in reimbursement authority) to implement California Advancing and Innovating Medi-Cal (CalAIM) services, including a shift of approximately \$5.5 million in 2022-23, growing to \$25.6 million ongoing from General Fund to

reimbursements in anticipation of increased federal funding that will become available under CalAIM.

- Includes \$2 million General Fund in 2022-23 and \$71 million in 2023-24 for roof replacement projects at CA Institution for Men and California Medical Facility.
- Includes \$22.2 million one-time General Fund for accessibility improvements with disabilities at the CA Institution for Men, CA Institution for Women, CA State Prison Los Angeles, and Richard J Donovan Correctional Facility.
- Includes \$2.6 million General Fund in 2022-23 and \$2.7 million ongoing for workload associated with complying with *Armstrong* mandates.
- Provides \$1.1 million ongoing reimbursement authority to provide administrative staff support for various construction projects.
- Includes \$22.2 million ongoing General Fund for utilities and waste disposal to align the methodology that establishes a baseline of funding with actual expenditures.
- Includes \$8.6 million General Fund in 2022-23 and \$10.5 million ongoing to renew the healthcare-grade janitorial services with the CA Prison Industry Authority.

Office of Inspector General

- Provides \$2.3 million General Fund in 2022-23, and \$3.6 million ongoing for the oversight and monitoring of CDCR's staff complaint process.
- Provides \$3.3 million General Fund annually for three years to support additional OIG staff to complete medical inspections and \$589,000 ongoing General Fund for additional editors to facilitate timelier medical inspection reports.

Judicial Branch

- Provides a total of \$4.9 billion (\$3 billion General Fund and \$1.9 billion other funds) in 2022-23 for the Judicial Branch, of which \$2.8 billion is to support trial court operations.
- Provides an additional \$ 255.5 million ongoing General Fund to trial courts which includes the following:
 - \$84.2 million ongoing for an overall 3.8 increase in funding.
 - \$100 million ongoing trial court operations to promote fiscal equity among trial courts.

- \$42.6 million in 2022-23 and \$42.3 million ongoing for 23 additional superior court judgeships, including security costs.
- \$28.7 million ongoing for trial court employee health benefit and retirement costs.
- Provides \$34.7 million General Fund in 202-23, increasing to \$40.3 million in 2025-26 and ongoing for technology initiatives, including the creation of the Judicial Branch Information Security Office to improve cyber security, modernization of the Appellate and Supreme Court IT systems, and ongoing branch wide and trial court initiatives that began in the 2020 Budget Act.
- Provides \$33.3 million General Fund in 2022-23 and 2023-24 and \$1.6 million ongoing to implement remote access pursuant to Chapter 526, Statutes of 2021 (AB 716).
- Provides \$15 million General Fund in 2022-23 and \$3.8 million ongoing to implement a data and information framework to enable timely and accurate data collection from the trial and appellate courts.
- Proposes statutory changes to reduce civil assessment fees from \$300 to \$150.
- Proposes the following infrastructure investments:
 - \$127.21 lease revenue bond authority for the Mendocino County: New Ukiah Courthouse.
 - \$3.19 million General Fund for the Butte County: Juvenile Hall addition and renovation.
 - \$721,000 General Fund for the San Bernardino County: Juvenile Dependency Courthouse Addition and Renovation.
 - \$21.41 million General Fund for the Solano County: New Solano Hall of Justice.
 - \$21.16 million General Fund for the Fresno County: New Fresno Courthouse.
 - \$7.06 million General Fund for the Plumas County: New Quincy Courthouse.
 - \$53.05 million General Fund for the Los Angeles County: New Santa Clarity Courthouse.
 - \$29.17 million General Fund for the San Luis Obispo County: New San Luis Obispo Courthouse.

- Provides the following additional investments:
 - \$117.8 million ongoing to continue backfilling the Trial Court Trust Fund for a decline in revenues expected in 2022-23.
 - \$40 million one-time to backfill the State Court Facilities Construction Fund and maintain existing service levels.
 - \$15.4 million ongoing for critical building repairs in the trial courts.
 - \$13.4 million ongoing to backfill the estimated loss of revenue for trial courts from the criminal fees that were eliminated by Chapter 257, Statutes of 2021 (AB 177).
 - \$8.3 million ongoing to increase compensation for court-appointed attorneys.
 - \$2.6 million in 2022-23 and \$1.7 million ongoing to implement and support electronic filing interfaces for domestic violence restraining orders, domestic violence temporary restraining orders, and gun violence restraining orders for all trial courts as required by Chapter 681, Statutes of 2021 (AB 887) and Chapter 686, Statutes of 2021 (SB 538).
 - \$1.3 million one-time for the Judicial Council to complete a comprehensive study of probate conservatorships and develop recommendations pursuant to Chapter 417, Statutes of 2021 (AB 1194).

Department of Justice

- Provides \$1.2 billion (\$433 million General Fund) in 2022-23 for the Department of Justice. (Additional proposed investments found under “Local Public Safety.”)
- Includes \$5.2 million one-time Dealer Record of Sale Special Account (DROS) to continue the planning and development phase of combining and modernizing existing firearms tracking systems.
- Provides \$2.3 million (\$6,000 General Fund and \$2.3 million DROS) in 2022-23, increasing to \$3.5 million in 2023-24, and \$973,000 ongoing to implement Chapter 250, Statutes of 2021 (SB 715), related to firearm transfer laws.
- Provides \$223,000 ongoing General Fund to support the accelerated implementation of Chapter 730, Statutes of 2019 (AB 879), related to precursor parts.
- Provides \$327,000 General Fund in 2022-23 and \$306,000 ongoing to implement Chapter 683, Statutes of 2021 (AB 1191), related to firearms reporting.

- Includes the following adjustments:
 - \$2.3 million General Fund in 2022-23 and \$1.6 million ongoing to implement Chapter 326, Statutes of 2020 (AB 1506). This is in addition to the \$15.6 million provided in the 2021 Budget Act.
 - \$7.4 million (\$3.4 million General Fund) in 2022-23 and \$6.5 million (\$2.7 million General Fund) ongoing to implement Chapter 402, Statutes of 2021 (SB 16) related to records of police officer conduct.
 - \$1.3 million General Fund in 2022-23 and \$1.2 million ongoing to implement Chapter 408, Statutes of 2021 (AB 958) related to law enforcement gangs.
 - \$46.4 million one-time General Fund to backfill the DNA ID Fund.
 - \$4.8 million General Fund to implement recently enacted legislation, including: \$396,000 in 2022-23 and \$382,000 ongoing for Chapter 719, Statutes of 2021 (AB 1540); \$3.6 million in 2022-23 and \$3.5 million ongoing to implement Chapter 551, Statutes of 2021 (SB 775); and \$794,000 in 2022-23 and \$768,000 in 2023-24 to implement Chapter 728, Statutes of 2021 (SB 483).
 - \$879,000 General Fund in 2022-23 and \$671,000 ongoing to implement new data reporting requirements, prepare an annual report that details anti-reproductive healthcare rights violations and criminal offenses, and provide legal guidance to state and local entities pursuant to Chapter 191, Statutes of 2021 (AB 1356).

Office of Emergency Services

- Provides \$2 billion (\$541.1 million General Fund) and 1,507.2 positions for the Office of Emergency Services (OES) in 2022-23.
- Provides \$ 61.9 million General Fund and 83 positions to address emergencies and disasters involving numerous counties and regions across the state including:
 - \$30 million and 31 positions (\$5.6 million and 20 positions for CAL FIRE) to establish the Fire Integrated Real-time Intelligence System (FIRIS) program to increase real time information and situation awareness for mutual aid responders.
 - \$11.2 million General Fund in 2022-23, \$10.9 million ongoing, and 11 positions to enhance the CA State Fire and Rescue Mutual Aid System's fire fleet.
 - \$10 million ongoing General Fund for mission tasking not covered by the Governor's proclaimed state of emergency.
 - \$5.8 million (\$5.5 million General Fund) and 20 positions to enhance OES' regional response capacity and partnerships with local governments and stakeholders.

- \$4.9 million ongoing General Fund and 21 positions to improve OES' core operations.
- Provides \$44 million General Fund to OES (also CAL FIRE and UC Fire Advisors program) for community hardening to improve defensible space and retrofits for homes and communities against wildfire ignitions. Includes educational programs to support homeowners to make these improvements.
- Provides \$17.1 million ongoing General Fund to support education, outreach, operations, and research and development of the CA Earthquake Early Warning Program.
- Provides \$11.6 million General Fund to complete the design and construction for a renovated State Operations Center.
- Provides \$7.5 million General Fund (\$6 million ongoing) and 10 positions to implement a new federal mandated 9-8-8 call system for behavioral and mental health crisis.

Board of State and Community Corrections and Local Public Safety

- Provides \$356 million General Fund over three years, including \$132 million in 2022-23 for the following proposals:
 - \$85 million annually through 2024-25 in competitive grants, administered by the Board of State and Community Corrections for local law enforcements to address organized crime.
 - \$10 million annually through 2024-25 for competitive grants to local District Attorneys to create dedicated retail theft prosecution teams.
 - \$6 million in 2022-23 to provide a total of \$15 million annually to the CA Highway Patrol to expand and make permanent its Organized Retail Theft Taskforce.
 - \$6 million annually through 2024-25 and \$500,000 ongoing for the Department of Justice to support regional task forces addressing organized retail theft.
 - \$5 million for the Department of Justice to continue leading anti-crime task forces, including High Impact Investigation Teams, Los Angeles interagency efforts, and task forces to combat human trafficking and gangs.
 - \$20 million in one-time grants to small businesses that have been impacted by retail theft.

- Provides \$100 million one-time General Fund for grants to be administered by the Board of State and Community Corrections for county operated juvenile facilities, with a focus on trauma-informed care, restorative justice, and rehabilitative programming.
- Proposes to convert \$81.48 million lease revenue bond authority to General Fund for the Fresno County SB 1022 jail project.
- Provides \$25 million to establish a competitive grant program to support local gun buyback programs.
- Includes \$20 million one-time to expand the Military Department's existing drug interdiction efforts supporting the four High Density Drug Trafficking Areas in the state.
- Includes \$2 million ongoing General Fund to the Firearm Violence Research Center at the University of Davis to support their research.
- Provides \$115 million ongoing General Fund to county probation departments for the California Community Corrections Performance Incentive Act of 2009 (SB 678) grant program.
- Provides \$23.2 million one-time General Fund in 2022-23 for county probation departments to supervise the temporary increase in average daily population of individuals on Post-Release Community Supervision.
- Estimates net General Fund savings of \$147.3 million in 2022-23 as a result of Proposition 47, an increase of \$31.1 million in 2021-22 as a result of savings associated with the closure of Deuel Vocational Institute. Since the passage of Prop 47, a total of approximately \$555 million in savings have been redirected to recidivism reduction programs such as substance use treatment services, truancy and dropout prevention programs, and victim services.

Victims Services

- Provides additional \$7 million ongoing Federal Trust Fund to reflect the Federal Victims of Crime Act reimbursement rate increase from 60 percent to 75 percent. Funding will be used in part to increase the benefit of crime scene clean-up costs from \$1,000 to \$1,700, funeral costs from \$7,500 to \$12,800, and relocation claims from \$2,000 to \$3,400 to adjust for inflation as these limits were set in 2000.
- Includes \$7 million ongoing General Fund and proposed statutory changes to provide an expedited process for compensating individuals who have been erroneously convicted of a crime.

- Provides \$535,000 General Fund in 2022-23 and \$471,000 ongoing to implement Chapter 490, Statutes of 2021 (SB 446).
- Provides position authority to CDCR for six additional staff for its Office of Victim and Survivor Rights and Services Unit.

Commission on Peace Officer Standards and Training

- Includes \$22.7 million General Fund in 2022-23 and \$20.6 million ongoing to support the implementation of Chapter 409, Statutes of 2021 (SB 2), related to peace officer certifications.
- Provides \$5 million one-time General Fund in 2022-23 to be spent over three years for officer wellness programs.

SUMMARY OF CHARTS

**2022-23 Governor's Budget
General Fund Budget Summary**

(in millions)

	2021-22	2022-23
Prior Year Balance	\$37,011	\$23,650
Revenues and Transfers	\$196,669	\$195,719
Total Resources Available	\$233,680	\$219,369
Non-Proposition 98 Expenditures	\$138,185	\$139,993
Proposition 98 Expenditures	\$71,845	\$73,134
Total Expenditures	\$210,030	\$213,127
Fund Balance	\$23,650	\$6,242
Reserve for Liquidation of Encumbrances	\$3,175	\$3,175
Special Fund for Economic Uncertainties	\$20,475	\$3,067
Public School System Stabilization Account	\$6,663	\$9,725
Safety Net Reserve	\$900	\$900
Budget Stabilization Account / Rainy Day Fund	\$19,303	\$20,868

General Fund Expenditures by Agency

(in millions)

	2021-22	2022-23	<u>Change from 2021-22</u>	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$12,396	\$9,061	-\$3,335	-26.9%
Business, Consumer Services & Housing	2,016	1,078	-938	-46.5%
Transportation	2,161	1,700	-461	-21.3%
Natural Resources	9,684	8,774	-910	-9.4%
Environmental Protection	3,580	1,226	-2,354	-65.8%
Health and Human Services	56,324	64,701	8,377	14.9%
Corrections and Rehabilitation	14,757	14,996	239	1.6%
K-12 Education	69,422	70,350	928	1.3%
Higher Education	21,312	21,846	534	2.5%
Labor and Workforce Development	982	2,179	1,197	121.9%
Governmental Operations	10,739	5,270	-5,469	-50.9%
General Government:				
Non-Agency Departments	1,823	1,796	-27	-1.5%
Tax Relief/Local Government	638	640	2	0.3%
Statewide Expenditures	4,196	9,510	5,314	126.6%
Total	\$210,030	\$213,127	\$3,097	1.5%

General Fund Revenue Sources

(in millions)

	2021-22	2022-23	<u>Change from 2021-22</u>	
			Dollar Change	Percent Change
Personal Income Tax	\$120,873	\$130,269	\$9,396	7.8%
Sales and Use Tax	30,866	32,208	1,342	4.3%
Corporation Tax	32,863	23,732	-9,131	-27.8%
Insurance Tax	3,448	3,541	93	2.7%
Alcoholic Beverage Taxes and Fees	423	421	-2	-0.5%
Cigarette Tax	58	51	-7	-12.1%
Motor Vehicle Fees	36	37	1	2.8%
Other	13,118	7,024	-6,094	-46.5%
Subtotal	\$201,685	\$197,283	-\$4,402	-2.2%
Transfer to the Budget Stabilization Account/Rainy Day Fund	-5,016	-1,565	3,451	-68.8%
Total	<u>\$196,669</u>	<u>\$195,718</u>	<u>-\$951</u>	<u>-0.5%</u>