

***Final Version***

# **Budget Act of 2022**

## ***Preliminary Summary***

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### **OVERVIEW**

The Legislature and the Governor have reached agreement on the Budget Act of 2022.

California's economy remains strong, and the common sense, voter approved revenue system results in the wealthy paying their share, which has strengthened California's fiscal health and provided record levels of available General Fund and Proposition 98 resources that this budget allocates.

But economic warning signs indicate that challenging times could arrive in the coming years. Therefore, this budget strikes the right balance of providing fiscal relief to families and small businesses, making strong investments in programs that strengthen families and the economy, responsibly focusing on funding infrastructure and other one time investments, and building record reserves to assist the state in withstanding economic downturns or other budget challenges.

The 2022-23 budget includes total spending of just over \$300 billion, of which 234.4 billion is from the General Fund. The budget includes total reserves of \$37.2 billion in 2022-23, including \$3.5 billion in the regular operating reserve.

This report provides highlights of the budget agreement, which will be encompassed in SB 154, which has been passed by the Legislature, SB/AB 178 Budget Bill Jr, which amends SB 154, and SB/AB 180 Budget Bill Jr, which amends the 2021-22 budget to make current year allocations. There is also a substantial trailer bill package to make statutory changes needed to implement the budget agreement.

## **2022-23 General Fund Summary**

(in billions)

	<u><b>2021-22</b></u>	<u><b>2022-23</b></u>
<b>Available Resources</b>	<b>\$265.4</b>	<b>\$242.2</b>
Prop 98 Expenditures	\$83.7	\$82.3
Non—Prop 98 Expenditures	\$159.3	\$151.6
<b>Total Expenditures</b>	<b>\$242.9</b>	<b>\$234.4</b>
<b>Fund Balance</b>	<b>\$22.5</b>	<b>\$7.8</b>
(reserve for encumbrances)	(\$4.3)	(\$4.3)
<b>Regular Reserve (SFEU)</b>	<b>\$18.2</b>	<b>\$3.5</b>
Safety Net Reserve	\$0.9	\$0.9
Prop 98 Rainy Day Fund	\$7.3	\$9.5
Rainy Day Fund	\$20.3	\$23.3
<b>Total Reserves</b>	<b>\$46.7</b>	<b>\$37.2</b>

# **TOP HIGHLIGHTS**

## **Fiscal Relief**

The budget provides over \$17 billion in fiscal relief to Californians, small businesses and nonprofits. This includes, the roughly \$2 billion of General Fund costs of the additional rental assistance provided earlier this year, plus these key investments:

- **Direct Refunds.** Provides \$9.5 billion to build on the Legislature's rebate plan to provide direct tax refunds to 17.5 million California tax filers, in accordance with the following:

First Tier: 14.2 million tax filers with incomes up to \$75,000/\$150,000 (Single Filers / Joint Filers):

- \$350 per tax filer, plus an additional \$350 if tax filer has at least one dependent. Examples:
  - Single Filer, no dependents: \$350.
  - Single parent, with at least one dependent: \$700.
  - Joint Filer, no dependents: \$700.
  - Joint Filer, with at least one dependent: \$1,050.

Second Tier: 2.1 million tax filers with incomes above First Tier, but below \$125,000/\$250,000 (Single Filers / Joint Filers):

- \$250 per tax filer, plus an additional \$250 if tax filer has at least one dependent. Examples:
  - Single Filer, no dependents: \$250.
  - Single parent, with at least one dependent: \$500.
  - Joint Filer, no dependents: \$500.
  - Joint Filer, with at least one dependent: \$750.

Third Tier: 1.1 million tax filers with incomes above Second Tier, but below \$250,000/\$500,000 (Single Filers / Joint Filers):

- \$200 per tax filer, plus an additional \$200 if tax filer has at least one dependent. Examples:
  - Single Filer, no dependents: \$200.
  - Single parent, with at least one dependent: \$400.
  - Joint Filer, no dependents: \$200.
  - Joint Filer, with at least one dependent: \$600.

Roughly 500,000 tax filers with incomes above the Third Tier will not receive a rebate.

➤ **Additional Assistance for Vulnerable Californians.** Provides additional relief to vulnerable Californians enrolled in the SSI/SPP program and the CalWORKs program and to provide relief from unpaid utility bills, specifically:

- **SSI/SSP:** Accelerates half of the planned grant increase for January 1, 2024 to January 1, 2023. This will increase grants by about \$39 per month (\$470 for the year) for individuals and \$100 per month (\$1,200 for the year) for couples.
- **CalWORKs:** Increases CalWORKs grants for two years by an additional 10 percent in addition to the 11 percent ongoing increase included in the May Revision. Combined, these increases the grant for a family of three by as much as \$194 per month. After the two year period, continuing the two year 10 percent increase, plus an additional scheduled increase, will be subject to future budget action.
- **Utility Assistance:** Provides \$1.4 billion for assistance to active utility customers with past due electricity utility bills incurred during the COVID-19 pandemic bill relief period.

➤ **Targeted Tax Relief.** Includes key targeted tax relief measures, including the following:

- **Workers Tax Fairness Credit.** Develops the Workers Tax Fairness Credit to turn union dues from being tax deduction into a tax credit. While union dues are currently tax deductible, union workers are more likely to not

itemize their deductions and therefore do not get the same tax benefit for their dues that higher paid professions are more likely to get for their professional association dues. The credit will be established in statute in a trailer bill later in the session but the credit will not be in effect until activated through future budget action.

- Young Child Tax Credit. Adopts the Governor's proposed \$95 million to provide the existing Young Child Tax Credit to zero-income filers and to create a Foster Youth Tax Credit to provide a \$1,000 credit to young adults who were in the foster care system.
  
- **Business and Non-Profits Relief.** Provides \$2.3 billion in fiscal relief to small businesses and non-profits, including the following:
  - Unemployment Insurance Cost Relief: \$1.5 billion for Unemployment Insurance cost relief, including \$1 billion to begin to pay down the federal loan, and \$500 million, as early as the 2024-25 budget year, to provide rebates to small businesses to reimburse them for their increased costs.
  
  - Diesel Sales Tax Relief: \$439 million to suspend the General Fund portion of the sales tax on diesel fuel, reducing costs by about 23 cents per gallon, which primarily benefits businesses.
  
  - Paid Sick Leave Relief: \$250 million for relief grants for small businesses and non-profits with up to 150 employees to offset costs of recently enacted Supplemental Paid Sick Leave program (SB 114).
  
  - Small Agriculture Drought Relief Grants: \$75 million for the California Small Agricultural Business Drought Relief Grant Program at the Governor's Office of Business and Economic Development (Go-Biz), to provide direct assistance to eligible agriculture-related businesses that have been affected by severe drought conditions. This is in addition to significant other investments to support agriculture throughout the rest of the budget.
  
- **Health Care Worker Retention Stipends.** Provides \$1.3 billion to provide retention stipends to health care workers most impacted during the pandemic.

## **\$47 billion California Infrastructure Budget.**

The 2022-23 state budget plan, including planned investments in the subsequent three fiscal years, provides \$47 billion for infrastructure investments – making it one of the most ambitious state infrastructure budgets ever. By deploying a large portion of near-term surpluses to infrastructure, this California Infrastructure Budget will create jobs and prepare the state’s economy better for future challenges. Infrastructure highlights in the plan include:

- **Transportation.** \$14.8 billion multiyear transportation package, including funding for transit, freight, active transportation, climate adaptation, and other purposes across the state. In addition to those items, the budget establishes an independent Office of Inspector General for the high-speed rail project and appropriates the remaining \$4.2 billion of Proposition 1A high-speed rail funds with legislative direction to prioritize construction of a Merced-Bakersfield segment.
- **Housing.** \$2 billion multiyear affordable housing package, including investments in Multifamily Housing Program, the Housing Accelerator Program, the Farmworker Housing Program, ADU financing, and the Veterans Housing and Homelessness Prevention Program.
- **School and Early Childhood Education Facilities.** Allocates the remaining Proposition 51 bond funds—approximately \$1.4 billion—to support school construction projects and provides \$4.2 billion from the General Fund to supplement those bond funds through 2025. The plan also augments the preschool, transitional kindergarten, and full-day kindergarten facility program by \$650 million between now and 2023-24.
- **Student Housing.** Provides an additional \$2 billion between now and 2024-25 for student housing facilities, expanding on last year’s historic state commitment in this area.
- **Higher Education Facilities.** Provides over \$2.7 billion as follows, including, but not limited to:
  - Approximately \$1 billion for various UC, CSU, and community colleges deferred maintenance projects,
  - \$500 million over three years for a new Immunology and Immunotherapy Institute at UCLA,
  - \$249 million over three years for to provide a clean energy grid at UC Berkeley,
  - \$249 million over three years for infrastructure projects at UC Riverside and UC Merced,
  - \$90 million to support the UC Hastings College of the Law facility improvement project at the institution’s 100 McAllister Street building,

- \$83 million to create the CSU Bakersfield Energy Innovation Center,
  - \$80 million to expand the San Diego State University, Brawley Center related to development of the Lithium Valley
  - \$79 million to expand the CSU San Bernardino campus in Palm Desert,
  - \$75 million to support CSU farm infrastructure,
  - \$67.5 million to support construction of the CSU Fullerton Engineering and Computer Science Innovation Hub
- **Broadband.** Provides \$550 million of additional General Fund support for broadband infrastructure, spread across 2023-24 and 2024-25.
  - **Energy and Zero Emission Vehicles.** More than \$6.1 billion of investments in clean trucks, buses, off-road equipment, clean cars, and, from the Proposition 98 budget, ZEV school buses and charging infrastructure, as well as substantial investments in electricity and energy assets.
  - **Libraries.** Provides \$150 million of additional library infrastructure grant funding spread over 2022-23 and 23-24, supplementing last year's historic budget commitment to library infrastructure.
  - **Multifamily Seismic Retrofit Grants.** Provides \$250 million in 2023-24 to seismically retrofit multifamily buildings.
  - **Dam Safety.** Provides \$100 million spread across 2023-24 and 2024-25 for dam safety projects.
  - **Organic Waste Infrastructure.** Provides \$180 million for local assistance grants to improve organic waste infrastructure.
  - **Legislative Priority Projects.** The budget provides funding for more than \$2 billion of local projects prioritized by the Legislature, many of which provide funding to assist local governments with park, transportation, environmental, and other community facilities.

## **Other Transformative Investments**

- **Record Ongoing Discretionary Funding for Schools.** Provides record ongoing discretionary base funding increase with at 13 percent increase to the LCFF over the 2021-22 funding levels. This major ongoing commitment, along with protections to assist districts facing declining enrollment and a solid \$9.5 billion Prop 98 Reserve, should alleviate fears of a fiscal cliff or other budget concerns for school districts.

- **Medi-Cal For All, Regardless of Immigration Status.** Expands Medi-Cal to all eligible Californians regardless of immigration status. Currently, income eligible young adults 25 and younger and those 50 and older have access to full scope Medi-Cal. This action will expand access to ages 26 through 49 beginning no later than January 1, 2024.
- **No Child In Deep Poverty.** Increases CalWORKs grant levels beginning October 1, 2022 by 21 percent. Establishes statutory framework to increase grants again on October 1, 2024 to the level necessary to ensure children in the CalWORKs program do not live in deep poverty.
- **Reproductive Rights Investments.** Provides over \$200 million in key reproductive rights investments to assist California continue to lead in protecting reproductive rights. These include:
  - \$40 million for Uncompensated Care Fund.
  - \$30 million for Equity and Infrastructure payments for Clinic Abortion providers.
  - \$20 million for Reproductive Health Care Services Scholarships/Loan Repayments.
  - \$20 million Reproductive Health Care Facilities Security.
  - \$20 million for Premium Subsidy Payments.
  - \$20 million for the California Abortion Support Fund.
  - \$20 million for LA County Reproductive Health Pilot.
  - \$15 million for the Reproductive Justice and Freedom Fund.
  - \$10 million to backfill lost Title X Family Planning funds.
  - \$8 million for Family Planning, Access, Care and Treatment, and HPV Vaccine Coverage.
  - \$2 million for Reproductive rights website and research on unmet reproductive health care needs.
- **\$19 Billion Climate-Energy Package.** Commits \$19 billion General Fund (in addition to associated federal and special funds), over multiple years, to climate and energy investments. Most of the details will be finalized later in the session, but it is expected to include items related to the following issues: Water-Drought Resilience, Wildfire Resilience, Extreme Heat, Nature Based Solutions, Energy, Zero-Emission Vehicles, and other climate-related actions.

## **Responsible Budgeting**

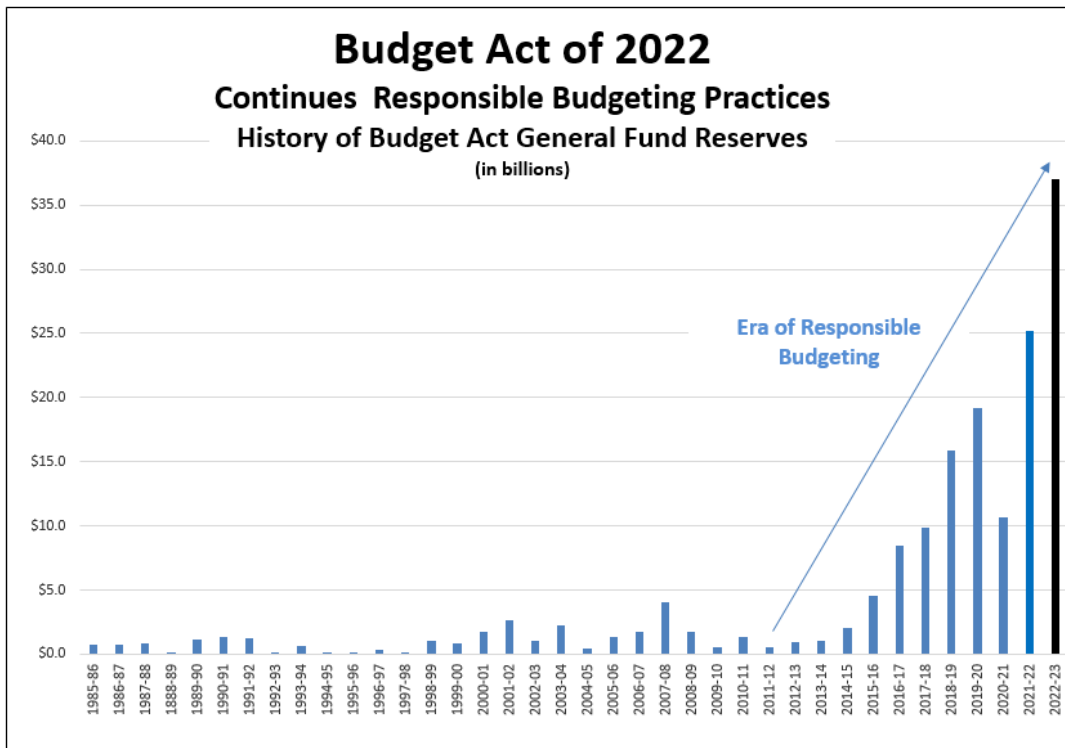
Crafting responsible budgets has been the cornerstone approach of Democrats since taking over full control of the state's finances in 2011.



Responsible budgeting serves two key purposes: first, it prepares the state to endure economic downturns without having to make cuts to programs or increases to middle class taxes; and second, it provides confidence for the Legislature and Governor to make program improvements, knowing the state’s finances are on solid ground. This budget reflects both of these key purposes.

- **Record High Reserves.** Includes a total of \$37.8 billion, including:
  - \$3.5 billion Regular Reserve (Special Fund for Economic Uncertainties)
  - \$0.9 billion Safety Net Reserve
  - \$9.5 billion Prop 98 Reserve
  - \$23.3 billion Rainy Day Fund (Budget Stabilization Account)
  - **\$37.2 billion Total General Fund Reserves**

Increasing reserves has been a cornerstone priority for the past decade. But this is particularly the case this year, with a \$12 billion increase from the projected levels of the Budget Act of 2021. And the 2019-20 state budget—the last enacted before the start of the COVID pandemic—estimated there would be \$19 billion of total reserves in that fiscal year. The near doubling of anticipated state reserves in the last three years demonstrates Legislative Democrats’ commitment to responsible budgeting, as well as the positive effects of the Proposition 2 rainy-day fund constitutional amendment, which was proposed by the Legislature and approved by voters in 2014.



## **State Appropriations (Gann) Limit**

**State Budget Meets Gann Limit Requirements.** The budget package reflects proposals of the Legislature and the Governor that result in the state remaining well under the State Appropriations (Gann) Limit both for the two-year period ending on June 30, 2022 and for the 2022-23 fiscal year. Combined, these actions address concerns of the Legislative Analyst's Office (LAO) that the state should aim to stay well under the Gann Limit in 2022-23 and adopt measures that could help keep the state closer to that limit in 2023-24.

The budget package includes statutory changes like those suggested by LAO to exclude added local subventions from the State Appropriations Limit, thereby counting some additional expenditures within local government appropriations limits when capacity exists at that level of government. The budget package also reflects legislative additions to the budget's infrastructure and emergency spending, which are excluded from the Gann Limit in certain circumstances. The working families tax refund is among the items excluded from the Gann Limit in package.

According to initial estimates, the state is \$11 billion under the Gann Limit for the two-year period ending on June 30, 2022, and \$11 billion under the Gann Limit for the 2022-23 fiscal year.

The leaders of the Senate and Assembly, as well as the Governor, have expressed an interest in developing a ballot measure for the 2024 state ballot to modernize the Gann Limit, including common-sense reforms to make it easier to deposit state funds to reserves and to pay down more Unemployment Insurance Trust Fund debt. Failure to modernize the Gann Limit likely will result in the need to make significant reductions to education and non-education programs funded in the state budget.

# **TK-12 EDUCATION KEY HIGHLIGHTS**

## **Key Actions on Governor's Proposals and Legislative Additions:**

- **Local Control Funding Formula (LCFF).** Increases school district and charter school LCFF funding by \$4.32 billion above COLA. Adopts protections for declining enrollment by including the average of three prior years' average daily attendance for funding, and one year protection for classroom-based charter schools. Includes protections for 2021-22 average daily attendance for local educational agencies that offered independent study in 2021-22. These changes, in addition to a COLA of 6.56 percent, increases LCFF by 13 percent over 2021-22 rates. In addition to these investments, the Budget also increases funding for Home to School Transportation and Special Education by over \$1.1 billion, which will make additional LCFF dollars available to local educational agencies. County offices of education will receive an increase of \$101 million to their LCFF.
- **Universal Expanded Learning Opportunities.** Increases funding levels for the Expanded Learning Opportunities Program for total program funding of \$4 billion ongoing Proposition 98 General Fund. The Budget funds local educational agencies that must offer the program to all students at \$2,750 per unduplicated pupil and funds local educational agencies that must offer the program to half of their unduplicated students at \$1,249 per unduplicated pupil.
- **Learning Recovery Emergency Block Grant.** Includes \$7.9 billion one-time Proposition 98 General Fund to be allocated based on a local educational agency's unduplicated pupil percentage and available for use up to five years, to use to establish learning recovery initiatives.
- **Career & College Readiness.** Approves a total of \$700 million in College and Career Readiness initiatives, including a historic \$200 million increase in dual enrollment options for high school students.
- **Transitional Kindergarten.** Approves the Governor's proposal to expand eligibility for transitional kindergarten and reduce student-to-adult ratios. The Budget also includes \$300 million additional one-time Proposition 98 General Fund for additional PreKindergarten Planning and Implementation Grants, and \$650 million General Fund more for the Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facility Program.
- **Arts, Music, and Instructional Materials Discretionary Block Grant.** Centralizes the Governor's proposed grant programs into a block grant that would provide local educational agencies funds for learning tools in arts, music, instructional materials, and multi-lingual school library books. The block grant

includes \$3.6 billion one-time Proposition 98 General Fund, and would be distributed based on average daily attendance.

- **School Facilities.** Includes remaining bond authority of \$1.4 billion, and a total of \$4.2 billion General Fund for the School Facility Program, to ensure that facility funds are available into 2025.
- **School Transportation.** Significantly increases funding for Home-to-School Transportation by \$637 million ongoing Proposition 98, so that starting in 2022-23, school districts and county offices of education will begin to receive an annual COLA to their transportation add-on or 60 percent of their transportation costs reimbursed. The budget also includes a prohibition on fees for English Learners, foster youth, or low-income students, and provides for greater transparency and opportunity for public input on transportation programs.
- **Universal School Meals.** Approves the Governor's proposal to enhance the reimbursement rates for school meals under the state's new universal school meals program. The Budget also includes \$100 million Proposition 98 General Fund for local educational agencies to practice school food best practices as part of reimbursable meals served through the universal school meals program, and \$600 million Proposition 98 General Fund for the Kitchen Infrastructure Grant Program.

# **CHILD CARE AND DEVELOPMENT KEY HIGHLIGHTS**

## **Key Actions on Governor's Proposals:**

- **Child Care Pandemic Response Policies.** Adopts Governor's proposals to continue actions taken during the COVID-19 pandemic to waive family fees for childcare and create hold harmless policies for the 2022-23 fiscal year.
- **Child Care Infrastructure.** Adopts an amended proposal to invest \$100 million federal funds for renovations and repairs of child care facilities.
- **Child Care Eligibility.** Adopts the Governor's proposals to expand family eligibility for all child care programs, including State Preschool, to 24 months of care and learning.

## **Key Legislative Additions:**

- **Preschool Stabilization.** Provides an ongoing increase of \$369 million (\$240 million Proposition 98 and \$130 million General Fund) to increase the reimbursement rate adjustment factor for three year olds to a higher toddler rate, increasing stability for preschool providers as transitional kindergarten expands. In addition, invests in additional inclusion of children with special needs and dual language learners in preschool.

## **HIGHER EDUCATION KEY HIGHLIGHTS**

### **Key Actions on Governor's Proposals:**

- **CCC Part-Time Faculty Insurance.** Approves a \$200 million ongoing Proposition 98 General Fund increase to augment the Part-Time Faculty Health Insurance Program. This augmentation expands healthcare coverage provided to part-time faculty by community college districts. This large augmentation creates a stronger financial incentive for more community college districts to provide medical care coverage to their part-time faculty.
- **UC Labor Centers.** Includes an increase of \$13 million ongoing General Fund to support the operations of existing UC Labor Centers and Occupational Safety and Health Programs, and invest in similar new initiatives throughout the UC system.
- **CSU Capital Outlay.** Approves several investments in capital infrastructure, including:
  1. \$80 million one-time General Fund to expand the San Diego State University, Brawley Center in Imperial Valley to support a local workforce pipeline to aid the state's goals for development of the Lithium Valley vision.
  2. \$67.5 million one-time General Fund toward construction of the CSU Fullerton Engineering and Computer Science Innovation Hub.
  3. \$75 million one-time General Fund to support equipment and facilities for CSU University Farms.
  4. \$83 million one-time General Fund to construct the Energy Innovation Center at CSU Bakersfield.

### **Key Legislative Additions:**

The Governor announced multi-year compacts with the UC and CSU and a multi-year roadmap with the CCCs that focus on shared priorities benefitting students. Throughout the overall budget deliberation process, which included subcommittee hearings, the Legislature and Governor encouraged stakeholder engagement and solicited feedback to strengthen the higher education goals of increased access and affordability. A common theme emerged throughout the process; Without sufficient resources and deliberately targeted investments, the segments will be unable to hit the expectations

set forth—to the disadvantage of faculty, staff, and ultimately the students. The Higher Education Package in the budget agreement includes the following key investments:

- **Base Increases for CCC.** The budget includes a total base increase of \$600 million Proposition 98 General Fund in 2022-23 and ongoing above the May Revision COLA for apportionments.
- **Base Increases for CSU.** The budget includes an increase of \$211.1 million General Fund, for a five-percent base increase, to support operational costs.
- **Base Increases for UC.** The budget includes an increase of \$200.5 million General Fund, for a five-percent base increase, to support operational costs.
- **Robust Student Housing Investments.** Includes an additional \$2 Billion General Fund for student housing projects across the UC, CSU, and CCC—bringing the total amount of student housing funding to \$4 Billion over fiscal years 2021-22 to 2024-25. Of the additional amount included in the budget agreement, \$200 million is scored to 2021-22, \$900 million is scored to 2023-24, and \$900 million is scored to 2024-25. Moreover, the budget includes:
  - Funding for all projects deemed eligible by the Department of Finance from the first round of the Higher Education Student Housing Grant Program.
  - Revisions to the Higher Education Student Housing Grant Program.
  - An agreement to create the California Student Housing Revolving Loan Fund with the Legislative intent to provide \$900 million in the 2023 Budget Act and \$900 million in the 2024 Budget Act to fund the loan.
- **Financial Aid Reform.** The budget includes the following reforms to reduce the cost of attendance for California students:
  - **Middle Class Scholarship 2.0.** An additional \$227 million General Fund one-time in 2023-24 to fund the Middle Class Scholarship.
  - **Cal Grant Reform Act.** These changes take effect only if state General Fund over the multi-year forecasts beginning in fiscal year 2024-25 is available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act for this purpose:
    - \$364.8 million General Fund in 2024-25 and \$348.8 million General Fund in 2025-26 and ongoing to makes significant reforms

to the Cal Grant Program including phasing-out existing programs, removing the GPA barrier, and the creation of the new Cal Grant 2 Program for CCC students and the Cal Grant 4 Program for students attending the UC, CSU, and eligible private institutions. The reform will provide access to Cal Grants for 150,000 additional students.

- **Cal Grant Award changes for students attending independent, nonprofit colleges and universities.** The budget extends elements of last year's improvement for low-income students attending independent, nonprofit colleges and universities as follows:
    - \$5.5 million General Fund in 2022-23 and ongoing to provide an increase in the award amount, from \$9,220 to \$9,358 for the approximately 28,000 Cal Grant students attending an independent, non-profit California College and Universities (ICCU).
    - \$10 million General Fund in 2022-23 and ongoing to extend supplemental Cal Grant support for foster youth and students with dependent children to those attending an ICCU.
    - \$10.4 million General Fund in 2024-25, \$16.4 million in 2025-26 and ongoing to improve regional transfer for low-income students by extending transfer entitlement portability for community college transfer students to those transferring to an ICCU. This change takes effect only if state General Fund over the multi-year forecasts beginning in fiscal year 2024-25 is available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act for this purpose.
  - **Double CCC Student Success Completion Grant (SSCG) Award.** Includes \$200 million Proposition 98 General Fund in 2022-23 and ongoing to double the Student Success Completion Grant (SSCG), to provide a total of \$8,000 for students taking 15 units and \$2,600 for students taking 12 units. The SSCG offsets total cost of college attendance, to encourage full time attendance, and successful on-time completion.
- **Unprecedented Support for Underrepresented Students.** Invests in student supports impacting historically underrepresented students, including, but not limited to, the following:



- **CCC:** Mathematics, Engineering, Science, and Achievement Program (MESA), NextUp program for foster youth, Extended Opportunity Programs and Services (EOPS), establishment of Native American student support services, a consortium and on-campus student support programs to fund Asian American Native Hawaiian Pacific Islander students, Umoja for African American student success, Disabled Students Program, Rising Scholars Program for incarcerated and formerly incarcerated students, rapid rehousing, basic needs, and the Puente Project
  - **UC:** Carceral system-impacted students served through the Underground Scholars Initiative and UC Irvine LIFTED program, foster youth support, Student Academic Preparation and Educational Partnerships, and undocumented students
  - **CSU:** Carceral system-impacted students through Project Rebound, Asian Bilingual Teacher Education Program, Basic Needs, Graduation Initiative 2025, foster youth supports, and a consortium and on-campus student support programs to fund Asian American Native Hawaiian Pacific Islander students
- **Capital Investments at UC campuses.** Includes \$249 million over three years to expand enrollment capacity and research innovation at the Riverside, Merced, and Santa Cruz campuses and \$249 million over three years for the Berkeley campus to become the first 100 percent clean energy public research university in California and the United States.
  - **Capital Investments at CSU San Bernardino.** Includes \$79 million General Fund in 2022-23 to expand the CSU San Bernardino Palm Desert campus.
  - **Community Colleges Flexible Block Grant.** Provides \$650 million one-time Proposition 98 General Fund for a flexible block grant to assist with basic needs, mental health needs, professional development opportunities for faculty and student services professionals needed to continue educational instruction due to COVID-19, investments to close the digital divide, and other COVID-19 related support.
  - **Investments in UC Climate Research and Innovation.** Includes \$185 million General Fund in 2022-23 as follows:
    - \$100 million to support statewide climate action research seed and matching grants, and grants for projects at University of California Innovation and

Entrepreneurship centers to incentivize and expand climate innovation and entrepreneurship.

- \$85 million to support climate initiatives at the Santa Cruz, Merced, and Riverside campuses.

## **HUMAN SERVICES KEY HIGHLIGHTS**

### **Key Actions on Governor's Proposals:**

- **Aging and Older Adult Supports.** Provides roughly \$36.3 million General Fund to continue implementation of the Master Plan for Aging. Also includes funding for Home and Community-Based Services infrastructure planning and \$10 million for a Community Living Fund to assist older adults and persons with disabilities in transitioning from nursing homes to independent living. Also approves \$34.4 million ongoing to establish a permanent back-up provider system for In-Home Supportive Services recipients.
- **Supports for Resource Families and Youth in Foster Care.** Provides \$150 million one-time for county grants to assist with connecting youth in foster care to families and fostering family engagement.
- **Promoting Workforce Stability for Regional Centers and Direct Support Professionals (DSPs).** Provides \$185.3 million to address challenges in recruiting and retaining regional center service coordinators and DSPs. This includes funding for training stipends and a tuition reimbursement program for service coordinators.
- **Addressing Disparities in the Developmental Services System.** Provides an additional \$11 million for grants to regional centers and community-based organizations for projects to reduce disparities and increase equity in the developmental services system.
- **Facilitating Food for All Access.** Provides \$35.2 million, increasing to \$113.4 million annually in 2025-26, to expand the California Food Assistance Program (CFAP) program to Californians age 55 and older regardless of immigration status.

### **Key Legislative Additions:**

- **Improving Services for Individuals with Developmental Disabilities.** Provides funding to accelerate the provider rate increases and rate reform approved in the 2021 Budget Act by six months. This action will also ensure that DSPs benefit from the accelerated rate increases and that individuals with developmental disabilities will have access to vital services. Provides \$4.7 million one-time to eliminate family fees for regional center services until June 30, 2023.
- **Anti-Poverty and Safety Net Investments.** Makes historic investments to lift CalWORKs families out of deep poverty by providing a 21% increase to

CalWORKs grants. Also includes \$75 million, beginning January 1 2025, to implement a full-pass through of child support payments to families currently and formerly receiving public assistance. Additionally, provides \$35 million one-time for administrative support for the CalFresh program and \$55 million to improve eligibility services within the CalWORKs Single Allocation. Both changes will help to improve outcomes for program participants.

- **Nutrition and Hunger.** Provides funding of \$62 million in 2022-23 and \$52 million in 2023-24 for California food banks to continue to address the ongoing need caused by record levels of hunger, rising inflation, and a decline in federal support. \$5 million ongoing is also included to increase food access for native tribes.
- **Supports for Resource Families and Youth in Foster Care.** Includes \$50 million in both 2022-23 and 2023-24 to fund flexible family supports for resource families. Also includes \$1.7 million ongoing to provide emergency caregiver payments for families that take in foster children in an emergency situation while they await approval as a resource family. Provides \$35 million ongoing for the Emergency Child Care Bridge program to provide child care vouchers for children in foster care.
- **Improved Services and the Restoration of Services for Older Adults.** Accelerates the increase to restore SSP grants to 2009 levels from January 1, 2024 to July 1, 2023. Provides \$61.4 million for grants for adult day services providers to recover from COVID-19 and combat senior isolation. Provides \$55 million for operating subsidies for “board and care” facilities that serve older adults and adults that need assistance with daily living activities. Funds continued training for Adult Protective Services workers.

## **HEALTH SERVICES KEY HIGHLIGHTS**

### **Key Actions on Governor's Proposals:**

- **Protecting Reproductive Health Care Access.** Expands on the Governor's investments in protecting access to abortion and other reproductive health care, including the California Abortion Support Fund, the California Reproductive Health Service Corps, training for certified nurse midwives, the Los Angeles County Reproductive Health Pilot, and equity and infrastructure payments for clinic abortion providers.
- **Medi-Cal Expansion.** Approves trailer bill language to expand full-scope Medi-Cal coverage to all income-eligible Californians, regardless of immigration status, no later than January 1, 2024.
- **Behavioral Health Bridge Housing.** Approves the Governor's proposed investment of \$1.5 billion over two years for immediate, clinically enhanced bridge housing solutions for individuals experiencing homelessness with serious mental illness.
- **Restores the Covered California State Premium Subsidy.** Approves the Governor's proposed \$304 million restoration of the state premium subsidy program in Covered California and modifies trailer bill language to eliminate deductibles and reduce copays if federal subsidies are renewed.
- **Public Health Infrastructure.** Approves and codifies the Governor's \$300 million ongoing investment in state and local health departments to address vital public health priorities.
- **Youth Suicide Prevention and Behavioral Health.** Approves and modifies the Governor's \$290 million investment in youth suicide prevention and behavioral health to ensure rapid and timely investment in resources to support youth behavioral health needs.
- **Rejects Substance Use Disorder Recovery Facility Fee Increase.** Rejects the Governor's proposed 63 percent increase on residential and outpatient substance use disorder treatment facilities and instead backfills program costs with funding from the General Fund.

### **Key Legislative Additions:**

- **Workforce Development.** Provides \$351.6 million over four years for workforce development, including:
  - \$200 million for the behavioral health workforce.
  - \$75.6 million for the public health workforce.
  - \$76 million for the primary care, clinic and reproductive health workforce.
- **End the Epidemics One-Time Funding.** Provides \$38 million over three years to prevent and treat sexually transmitted infections, including for syphilis, congenital syphilis, and hepatitis B.
- **Peer-to-Peer Mental Health Programs for Youth.** Provides \$10 million one-time to develop and promote high quality peer-to-peer mental health support programs for youth.
- **Special Needs Dental Clinics.** Provides \$50 million over two years for construction, expansion, modification or adaptation of dental surgical clinics or specialty dental clinics to increase access to oral health care for special needs populations.
- **Reduce Share of Cost Requirements for Seniors in Medi-Cal.** Adopts trailer bill language to reduce share of cost requirements for seniors and persons with disabilities by increasing the Medi-Cal Maintenance Need Income Level, beginning January 1, 2025, subject to budget contingency language.
- **Continuous Medi-Cal Coverage for Children Zero to Five.** Adopts trailer bill language to provide continuous Medi-Cal coverage for children zero to five years of age, beginning January 1, 2024, subject to budget contingency language.
- **Indian Health Programs.** Extends the Governor’s one-year, \$12 million funding of Indian Health Programs for an additional year.

# **HOUSING AND HOMELESSNESS KEY HIGHLIGHTS**

## **Key Actions on Governor's Proposals:**

- **Encampment Resolution Grants.** Includes \$300 million in 2022-23 and \$400 million in 2023-24 for Encampment Resolution grants, to help local governments with resolving critical encampments and transitioning individuals into permanent housing. This includes funding specifically for addressing encampments on state rights of way.
  
- **Governor's Affordable Housing Proposals.** Funds key portions of the Administration's proposed affordable housing package, including:
  - \$410 million over two years for Adaptive Reuse, including a \$10 million reappropriation of existing funding.
  - \$425 million over two years for the Infill infrastructure Grant Program.
  - \$100 million over two years for mobile homes and manufactured housing.
  - \$150 million over two years for the preservation of existing affordable housing.
  - \$100 million over two years for affordable housing on state excess sites.

## **Key Legislative Additions:**

- **Additional Legislative Affordable Housing Investments.** Includes additional investments in affordable housing and homeownership, including:
  - \$350 million over two years for the CalHOME program.
  - \$250 million for the Housing Accelerator Program.
  - \$325 million over two years for the Multifamily Housing Program.
  - \$50 million for the Joe Serna Jr. Farmworker Housing Program.
  - \$50 million for ADU financing.
  - \$100 million over two years to continue the Veterans Housing and Homelessness Prevention Program created by Proposition 41 (2014).

- \$50 million for the reuse of the Los Angeles County USC Hospital campus.
- **HHAPP Funding.** Includes \$1 billion in 2023-24 for the Homeless Housing, Accountability, and Prevention Program (HHAPP).
- **Legal Aid for Eviction Protection.** Provides \$30 million in 2022-23 to increase funding for legal aid to prevent eviction protection.
- **California Dream For All.** Provides \$500 million to establish the California Dream For All program to make homeownership more achievable for first time homebuyers, a critical first step to thriving in the middle class and building generational wealth.

Under the program, the state will partner annually with first-time homebuyers in a shared appreciation agreement which results in homebuyers being able to purchase a home with a low downpayment and with more than a 1/3 reduction in monthly mortgage payments, saving a typical homebuyer more than \$12,000 per year.

The \$500 million in General Fund resources will enable approximately 4,000 homebuyers to participate in the program. Participation in future years will be based on budget allocations.



# **LABOR AND WORKFORCE DEVELOPMENT**

## **KEY HIGHLIGHTS**

### **Key Actions on Governor's Proposals:**

- **EDDNext, Long-Term Modernization.** EDDNext is a five-year plan to modernize EDD. The budget includes \$136 million one-time funding (\$68 million General Fund) and provisional budget bill language for EDD to continue planning and begin implementing various improvements to EDD leave benefit programs. This includes efforts on EDD's benefit systems, call center improvements, simplifying forms and notices, including user testing and engagement, developing data analysis tools to continue curbing fraudulent benefit claims, and upgrading department training and tools to increase the pace of application processing.
- **High Road Training Partnerships for Health and Human Services.** Includes \$45 million General Fund in each of 2022-23, 2023-24, and 2024-25 to establish, expand, and improve workforce development programs for health and human service careers.
- **Staffing at Labor and Workforce Development Agency (LWDA) for Care Economy Workforce.** Includes \$500,000 General Fund for 2022-23, 2023-24, and 2024-25 for LWDA staff to develop and implement the Workforce for a Healthy California Initiative in partnership with California Health and Human Services Agency.
- **Apprenticeship Innovation Funding.** Includes \$175 million General Fund over three years to expand non-traditional apprenticeship programs and support additional apprentice activities.
- **Port Worker Training Facility.** Includes \$30 million in 2022-23, and \$40 million in 2023-24 and 2024-25, for a Goods Movement Training Campus in southern California.

### **Key Legislative Additions:**

- **Workers Tax Fairness Tax Credit.** Includes \$400 million General Fund each in 2024-25 and 2025-26 for the Workers Tax Fairness Credit. This change takes effect only if state General Fund over the multi-year forecasts beginning in fiscal year 2024-25 is available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act for this purpose.

- **California Youth Apprenticeship Program.** Includes \$65 million General Fund total, over three years, to establish the California Youth Apprenticeship Grant Program. The program will develop new, or expand on existing, apprenticeship programs for 16-24 year olds who are unhoused, in the welfare, or juvenile justice system or otherwise facing barriers to labor market participation. This program will be under the Division of Apprenticeship Standards, in association with the Apprenticeship Innovation Funding Program.
  
- **Workforce Development for Students of Color and Low-income Students.** Includes \$60 million General Fund total, split over three years to the California Youth Leadership Corps. for community change learn-&-earn career pathway programs at 20 selected community colleges over four-year period.
  
- **COVID-19 Workplace Outreach Project (CWOP).** Includes \$50 million General Fund total, over two years, for the CWOP project. CWOP partner organizations are conducting outreach activities to educate workers and employers in high-risk industries, such as the food and agriculture sectors, on how to minimize the spread of COVID-19 in the workplace, and educating essential workers about COVID-19-related labor laws.
  
- **Targeted Workforce Development Supports for Individuals Who Experienced Justice System Involvement, Homelessness, Mental Illness, and Addiction.** The budget includes investments in workforce development supports for individuals that historically have high barriers to employment, including the following:
  - \$50 million General Fund one-time for a Statewide Reentry Employment Grant Program (Program) at the CA Workforce Development Board. The Program will award competitive grants to eligible non-profit organizations and local partnerships to support activities including, but not limited to, reskilling, upskilling, training, and supportive services for the reentry population to ensure employment, employment opportunities, and job mobility.
  
  - \$25 million General Fund one-time to establish CA Regional Initiative for Social Enterprises (RISE), which would initiate regional networks in selected markets across the state that would provide targeted employment services. Through CA RISE, individuals who have experienced homelessness, mental illness, addiction, or incarceration, and are facing significant employment barriers in traditional workplaces, would receive comprehensive services and employment development.

- **Women in Construction Unit at Department of Industrial Relations (DIR).** Building on last year's investment, the budget includes \$15 million General Fund ongoing to promote and support women and nonbinary individuals into skilled trade careers through the creation of a Women in Construction Unit at DIR.
- **Investments at DIR for Worker Protections.** Includes the following:
  - \$3.9 million Labor Enforcement and Compliance Fund, growing to \$14 million Labor Enforcement and Compliance Fund in 2025-26 and ongoing to increase resources and staffing at DIR's Retaliation Complaint Investigation Unit based on frequency of retaliation among low-wage workers and long delays to get claims processed.
- **Garment Worker Center Justice Campus.** Includes \$8 million General Fund in 2022-23 to the Garment Worker Center for a justice campus in the Los Angeles Fashion District to provide labor rights education and advocacy, legal services, mutual aid, job creation, and workforce development.
- **Microenterprise Home Kitchen Operations.** Includes \$8 million General Fund one-time to support microenterprise home kitchen operations by allowing home cooks to apply for local permits and receive financial support to sell food made in their home kitchen directly to the public.
- **High Road Standards Reporting Across LWDA.** Includes language that directs LWDA, by January 10, 2023 to document relevant programs and initiatives under EDD, CWDB, and DIR for which the high road standard is a candidate for application. For those initiatives, LWDA reports the current statutory and regulatory requirements for each, including whether administering departments currently apply the high road standard.

# **RESOURCES & ENERGY KEY HIGHLIGHTS**

## **Key Actions on Governor's Proposals:**

- **Climate-Energy Package.** Approves a total of \$19.3 billion General Fund for the Climate-Energy Package (\$4.89 billion in 2021-22, \$4.83 billion in 2022-23, and \$9.59 billion for the outyears), with details to be determined in future legislation, as follows:
  - \$8.09 billion Energy
  - \$800 million Wildfire and Forest Resilience
  - \$2.7 billion Drought Response and Resilience
  - \$300 million Extreme Heat
  - \$773 million Nature-Based Solutions
  - \$3.53 billion 2022 Zero Emission Vehicles
  - \$5 million Lithium Valley
  - \$3.11 billion Flexible Climate Set-Aside
  
- **Contract Counties Hand Crews.** Approves the Governor's proposal to provide \$25.4 million General Fund in 2022-23 and \$35.4 million ongoing to fund 12 hand crews for vegetation management, hazardous fuel reduction projects, and wildland fire suppression in Contract Counties.
  
- **Helicopters.** Approves \$96 million for the acquisition of four S70i Fire Hawk helicopters.
  
- **Fire Crew Facilities Deferred Maintenance.** Approves \$60.6 million for deferred maintenance and special repair projects at CalFire, California Conservation Corps, and California Military Department facilities to accommodate additional fire crews.
  
- **Colonel Allensworth State Park.** Approves \$28 million to build a visitor center and requires the Department of Parks and Recreation to conduct community engagement efforts to consult with stakeholders in the planning and design of the visitors center and related improvements.
  
- **Beverage Container Recycling Fund.** Approves \$330 million Beverage Container Recycling Fund one-time to address issues with the Bottle Bill Program with details to be worked out in a three-party agreement.
  
- **Long Duration Energy Storage.** Provides \$140 million to support Long Duration Energy Storage Projects.

- **Strategic Reliability Reserve.** Provides \$2.2 billion to support the Strategic Reliability Reserve, and \$550 million to support distributed backup electricity backup assets and utility scale assets to support energy reliability.
- **Energy Arrearages.** Provides \$1.2 billion for the California Arrearage Payment Program to help address with an unpaid residential utility balances incurred during the COVID-19 pandemic.
- **Demand Side Grid Support.** Provides \$200 million for Demand Side Grid Support.
- **Zero Emission Vehicles.** Provides \$676 million from the Greenhouse Gas Reduction Fund to support Clean Trucks, Buses and Off Road Equipment and Clean Cars for All, and \$1.5 billion Proposition 98 General Fund to support ZEV school buses and charging infrastructure.

**Key Legislative Additions:**

- **Flood and Dam Safety.** Provides \$100 million spread over two years for dam safety projects.
- **Organic Waste Infrastructure.** Provides \$180 million for local assistance grants to improve organic waste infrastructure.
- **Sea Level Rise.** Provides \$420 million spread over two years to the State Coastal Conservancy for nature-based projects to adapt to sea level rise. \$120 million of this funding focuses on projects in the San Francisco Bay Area.
- **AB 617 Funding.** Provide \$300 million annually for two years to reduce pollution in our hardest hit communities and to promote environmental justice.
- **Fine-Scale Vegetation Mapping.** Provides \$40 million to complete fine-scale vegetation mapping spread over two years.
- **Allensworth.** Provides \$12 million total to create the Allensworth Civic & Entrepreneurship Center (\$1.6 million) and to expand TAC Teaching & Innovation Farm (\$10 million). Authorizes the Department of Parks and Recreation to give “free days” access to the Colonel Allensworth State Park over the next three years.

# **TRANSPORTATION KEY HIGHLIGHTS**

## **Key Actions on Governor's Proposals:**

- **DMV Commercial Licenses.** Provides \$40 million through 2025-26 for the Department of Motor Vehicles to improve its ability to issue commercial driver licenses. This includes \$34 million to fund leasing costs to establish dedicated commercial drive test centers in the Bay Area and Northern Los Angeles County, and one-time funding of \$6 million in 2022-23 to fund additional staffing for commercial driver license exams.
- **Caltrans Fleet Replacement.** Includes \$176 million per year for two years from the State Highway Account for Caltrans to begin the process of replacing its fleet of service vehicles and construction equipment with newer zero-emission or low-emission equipment.
- **CHP Organized Retail Crime Taskforces.** Includes \$6 million General Fund annually through 2024-25, \$10.5 million in 2025-26, and \$15 million in 2026-27 and ongoing for the CHP to expand and make permanent its Organized Retail Crime Taskforce.

## **Key Legislative Additions:**

- **Four Year, \$10.8 Billion Transportation Package.** Includes \$5.4 billion through 2022-23, \$2.7 billion in 2023-24, and \$2 billion in 2024-25 for a comprehensive transportation infrastructure package, including funding for transit, freight, active transportation, climate adaptation, and other purposes. This represents the first steps towards fully funding a multi-year transportation infrastructure package in the coming budget years. These totals include:
  - \$3.65 billion for transit investments in the current year. This funding includes \$approximately \$1.5 billion for projects in Northern California, \$1.83 billion for projects in southern California and \$300 million for adapting certain rail lines to sea level rise.. The bill sets aside a minimum of \$900 million in each regional allocation for priority projects for which additional state funding would help maintain or secure additional federal or local funds. The total also includes up to \$150 million for the development of future projects that could eventually compete for additional funding.
  - An additional \$4 billion in transit capital funding in the out years, allocated with a minimum of \$300,000 to each eligible entity and the reminding funds distributed by population-based formula.

- \$1.2 billion over two years for freight-related infrastructure at and around the state's ports.
  - \$1 billion in the current year for the Active Transportation Program.
  - \$350 million for high-priority grade-separation projects.
  - \$200 million in funding for local climate adaptation planning and projects.
  - \$200 million in federal funds for adaptation projects on the state highway system.
  - \$150 million for a pilot program for planning and delivery of projects that will inform the future conversion of underutilized highways into multimodal corridors that serve existing communities.
  - \$110 million over three years for or the California Workforce Development Board (CWDB) to invest in the supply chain workforce.
  - \$100 million in the out years for the Clean California Program.
- **High Speed Rail.** Appropriates the remaining \$4.2 billion in Proposition 1A funds for the High Speed Rail Authority in addition to trailer bill language providing legislative direction for the prioritization of the construction of the Merced to Bakersfield segment of the project and establishes the an independent Office of Inspector General to provide project oversight and improved governance.
- **CHP Sideshow Task Force.** Includes \$5.5 million in 2022-23 for the establishment of a sideshow task force within the California Highway Patrol.

# **PUBLIC SAFETY & JUDICIARY KEY HIGHLIGHTS**

## **Public Safety**

### **Key Actions on Governor's Proposals:**

- **Crime Reduction.** Approves key components of the Governor's proposal to address crime, including \$85 million in local law enforcement grants, \$10 million in grants to district attorneys, and \$6 million at the Department of Justice (DOJ) per year for three years to address organized retail theft, \$22 million for a fentanyl enforcement taskforce at DOJ and contraband interdiction at the California Military Department, and \$25 million one-time for a gun buyback grant program.
- **Peace Officer Wellness and Training.** Approves \$55 million for peace officer wellness and training, including \$5 million to develop statewide resources and \$50 million in grants to local agencies.
- **Nonprofit Security Grants.** Approves \$50 million for the Nonprofit Security Grant to provide security assistance to nonprofit organizations at risk of hate-motivated violence.
- **Behavioral and Mental Health Hotline.** Approves the implementation of the 988 Behavioral and Mental Health hotline.
- **Peace Officer Decertification.** Approves \$23 million in 2022-23 and \$21 million ongoing at the Commission on Peace Officers Standards and Training and resources at various agencies that employ peace officers to implement Chapter 409, Statutes of 2021 (SB 2).
- **Public Safety Infrastructure.** Approves significant investments in public safety infrastructure, including courthouses and prison facility needs.

### **Key Legislative Additions:**

- **Support for Victims of Crime.** Provides additional support for victims of crime, including \$50 million one-time in flexible assistance and \$23 million one-time to expand Trauma Recovery Centers. Also schedules \$50 million ongoing for changes to victim compensation and \$25 million ongoing to eliminate fines and backfill the Restitution Fund beginning in 2024-25, subject to future budget action.



- **Firearms Relinquishment.** Includes \$40 million one-time to enforce court-ordered firearms relinquishment.
- **Internet Crimes Against Children Taskforce.** Provides \$5 million each year for the next three years to support for the Internet Crimes Against Children Taskforce.
- **Environmental Enforcement and Training Act.** Enhances enforcement and training capacity under the Environmental Enforcement and Training Act.
- **Peace Officer Training.** Includes \$10 million for de-escalation and use-of-force training.

## **Judiciary**

### **Key Actions on Governor's Proposals:**

- **Trial Court Funding.** Approves an increase of \$184.2 million ongoing funding for an inflation adjustment and to improve trial court equity across the state.
- **Judgeships.** Approves 23 new judgeships, fully funding all judgeships authorized under law, and includes resources for associated staffing, security and facility needs.
- **Courtroom Remote Access.** Approves \$33.2 million one-time and \$1.6 million ongoing to implement and support remote access in courtroom proceedings.

### **Key Legislative Additions:**

- **Civil Assessment Elimination and Fee Waiver.** Reduces the civil assessment from \$300 to \$100, fully supports the courts through General Fund, provides one-time funding to relieve civil assessment debt, and increases the income threshold for automatic waivers of filing fees and provides backfill to the courts.
- **Legal Aid.** Provides \$30 million one-time for eviction defense and \$15 million one-time for a consumer debt legal aid program.
- **CASA and Other Court Programs.** Provides \$60 million across three years to support the Court Appointed Special Advocates (CASA) program across the state, \$15 million one-time to expand access to lactation facilities in the courts, and a \$30 million ongoing corrective adjustment for dependency counsel.

## **Rehabilitation and Reentry**

### **Key Actions on Governor's Proposals:**

- **Prison Staff Misconduct.** Approves the implementation of a new system to handle allegations of staff misconduct in prisons, including expanded oversight by the Office of the Inspector General.
- **Healthcare Resources.** Approves resources for integrated substance use disorder treatment and Hepatitis C virus treatment for incarcerated individuals, and to connect released individuals with health care as part of the statewide CalAIM initiative.
- **Reentry Housing.** Approves \$31.8 million over three years to support reentry housing through the Returning Home Well program.
- **Parole Program Analysis.** Includes \$6 million one-time for CDCR to partner with organizations to identify successful rehabilitative programming efforts through data collection and analysis.

### **Key Legislative Additions:**

- **Rehabilitation Programming.** Improves rehabilitative programming in prisons through a \$20 million capacity building grant to community-based organizations, \$10 million over three years for restorative justice programming, and \$4 million for veterans programming.
- **Pre and Post Release Transitional Housing and Support.** Expands pre- and post-release programs to decrease recidivism, including \$120 million over three years for the Community Reentry Program at CDCR, \$60 million over three years for the Adult Reentry Grant Program, and \$3 million for a creative workforce program for the formerly incarcerated.
- **Student and Academic Supports.** Expands targeted student and academic supports for carceral-system impacted students attending CCC, UC, and CSU.

## **Disaster Prevention and Response**

### **Key Actions on Governor's Proposals:**

- **California Disaster Assistance Act.** Approves \$114 million ongoing for the California Disaster Assistance Act adjustment, an increase of \$37.4 million from the previous year.
- **Fire and Rescue Mutual Aid Fire Fleet.** Provides ongoing resources to enhance the Fire and Rescue Mutual Aid Fire Fleet.

**Key Legislative Additions:**

- **Emergency Response.** Directs the Office of Emergency Services to create a plan that includes goals for and an assessment of emergency response capacity.
- **Multifamily Seismic Retrofit Grants.** Establishes a \$250 million Multifamily Seismic Retrofit Matching Grant Program in 2023-24.

# **GENERAL GOVERNMENT KEY HIGHLIGHTS**

## **Key Actions on Governor's Proposals:**

- **Young Child Tax Credit and Foster Youth Tax Credit.** Adopts the Governor's proposals to provide the existing Young Child Tax Credit to zero-income filers and to create a Foster Youth Tax Credit to provide a \$1,000 credit to young adults who were in the foster care system.
- **CalEITC Outreach.** Builds upon the Governor's Earned Income Tax Credit (EITC) outreach proposals and provides an additional \$10 million for each of 2022-23 and 2023-24 (for a total of \$20 million each year) to increase CalEITC Outreach and Education, provide year round funding to support free tax preparation services and Volunteer Income Tax Assistance (VITA) program, with a specific focus on increasing Individual Taxpayer Identification Number (ITIN) filers.
- **Small Agricultural Business Drought Relief Grant Program.** Approves the California Small Agricultural Business Drought Relief Grant Program to provide \$75 million one-time General Fund to provide direct assistance to eligible agriculture-related businesses that have been affected by severe drought conditions.
- **COVID Relief Grants.** Adopts the Governor's proposals with some amendments to continue to support COVID Relief Grant Programs by extending encumbrance authority and making statutory changes for the: 1) California nonprofit performing arts program, 2) California venues grant program (including extending it to small theatres and providing an additional \$15 million General Fund), 3) California Microbusinesses and 4) Cultural institutions. In addition the Legislature adds funding to the California Small Business COVID-19 Relief Program. Together, these actions ensure small business and non-profits are able to access funds to recover from pandemic impacts.
- **Paycheck Protection Program (PPP).** Adopts the Governor's proposals to update conformity of state tax law to the federal Paycheck Protection Program (PPP) grant period. Previous conformity actions excluded an extension of the federal PPP grant program by two months in spring of 2021. This action allows for all federal PPP grants to be excluded from the definition of income for the purposes of state taxation.
- **Technical Assistance Expansion Program.** Adopts the Governor's proposals to increase and provide ongoing funding the Technical Assistance Expansion Program (TAEP) for small businesses. Also adopts a proposal to provide ongoing funding for the Capital Infusion Program.

- **Cannabis Tax Reform.** Adopts cannabis tax reform as follows: (1) sets cannabis cultivation tax rate to zero; (2) keeps the cannabis excise rate at 15 percent for three years; (3) allows the California Department of Tax and Fee Administration, in consultation with the Department of Finance and the Department of Cannabis Control, to adjust the cannabis excise tax rate every two years that would capture revenues equivalent to the cultivation tax; (4) require an economic study that measures the impacts of tax reform on revenues; (5) sets the minimum baseline for Allocation 3 at \$670 million; (6) provides tax relief for equity operators; (7) adds additional enforcement tools against the illicit cannabis market and worker protections, including enforcement of labor peace agreements; (8) sets aside \$150 million General Fund to backfill any revenue loss. Also includes tax credits for equity operators and high-road cannabis employers.
  
- **Office of Community Partnerships and Strategic Communications.** Adopts the Governor's proposal for the new Office of Community Partnerships and Strategic Communications with amendments to provide \$65 million per year for the new office. The office will focus on coordinating statewide communications campaigns and maintaining a network of community-based organizations to assist with those efforts. The budget also includes provisional language directing the office to work on outreach to the ITIN population.
  
- **Office of Data and Innovation.** Approves the Governor's May Revision proposal to establish the Office of Data and Innovation.
  
- **Business Licensing Fee Waiver.** Approves the Governor's proposal to provide \$40 million to the Secretary of State to waive new business licensing fees.
  
- **Veteran Health Initiative.** Approves the Governor's May Revision proposal to provide \$50 million for the California Veteran Health Initiative, to support veteran mental health and suicide awareness, treatment and research.

**Key Legislative Additions:**

- **Direct Tax Refunds.** As described in the Top Highlights section, includes \$9.5 billion for tax refunds to provide relief to Californians from the impacts of high gas prices and other growing costs due to inflation. The Better for Families (BFF) rebate program provide rebates of \$200, \$250, or \$350 per individual tax payer with up to \$500,000 in income for joint filers and \$250,000 for single filers. Taxpayers with one or more dependents would receive an additional rebate.

- **Womens' Business Centers.** Provides an additional \$8 million over three years for Women's Business Centers.
- **Debt Interception:** Adopts statutory changes to restrict the application of the state's debt intercept program to CalEITC recipients.
- **Hope Accounts.** Provides \$100 million General Fund in 2022-23 and \$15 million ongoing to create the Hope Account Program to provide trust fund accounts for low-income children who have lost parents or caregivers to COVID-19 and for children who have experienced long term foster care. These funds would be available when a child turns 18 and provide additional financial stability for children who may lack other family support.
- **Community Development Financial Institutions.** Provides \$50 million General Fund, available over a three-year period to provide grants to Community Development Financial Institutions for investment in underserved-communities.
- **Commission on the Status of Women and Girls.** Increases funding to the Commission on the Status of Women and Girls by \$8.4 million.
- **Youth Empowerment Commission.** Includes funding to implement the Youth Empowerment Commission, which was established in law in 2021