



Governor's 2020-21 Proposed Budget

The Rural Rundown

January 10, 2020

**Rural County Representatives of California
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RCRC'S SUMMARY OF GOVERNOR NEWSOM'S 2020-21 PROPOSED BUDGET

Earlier today, the Newsom Administration released details of the Governor's 2020-21 proposed Budget. *The Rural Rundown* is an in-depth look at the proposal, its implications for member counties, details of RCRC's advocacy efforts on specific issue items, and an insider perspective into the reasoning and rationale behind specific elements. In addition to *The Rural Rundown*, RCRC staff will present further findings and details on various budget items of interest to RCRC member counties at the January 15, 2020 Board of Directors Meeting in Sacramento.

Overview

At \$222.2 billion, Governor Newsom's 2020-21 proposed Budget includes \$153 billion in General Fund spending, \$63.76 billion in Special Fund spending, and \$5.36 billion in Selected Bond Fund spending, resulting in an overall increase of \$7.4 billion over the 2019-20 State Budget Package. With a projected \$5.6 billion surplus, the proposal continues to invest for a rainy day (as constitutionally required), while also addressing urgent crises.

"Despite the progress we've made, there are deep, structural challenges that threaten our state's future and demand our urgent attention," said Governor Newsom. "These problems – our widespread affordability crisis, expanding homelessness crisis and catastrophic wildfires – have been decades in the making and won't be fixed overnight. California is doing more than ever to tackle these challenges and this budget builds on that work with new investments and ideas to take on these longstanding issues."

The Governor's 2020-21 proposed Budget makes responsible investments in the state's economic future, while tackling head-on persistent challenges facing the state. The proposed spending plan focuses on:

- Building reserves and reducing liabilities;
- Addressing the affordability crisis;
- Confronting the homelessness crisis;
- Emergency response and effective government;
- Promoting opportunity for all;
- Continued investment in K-12 education;
- Expanding access to higher education;
- Climate protection;
- Reimagining criminal justice; and,
- Jobs, the economy, and protecting the environment.

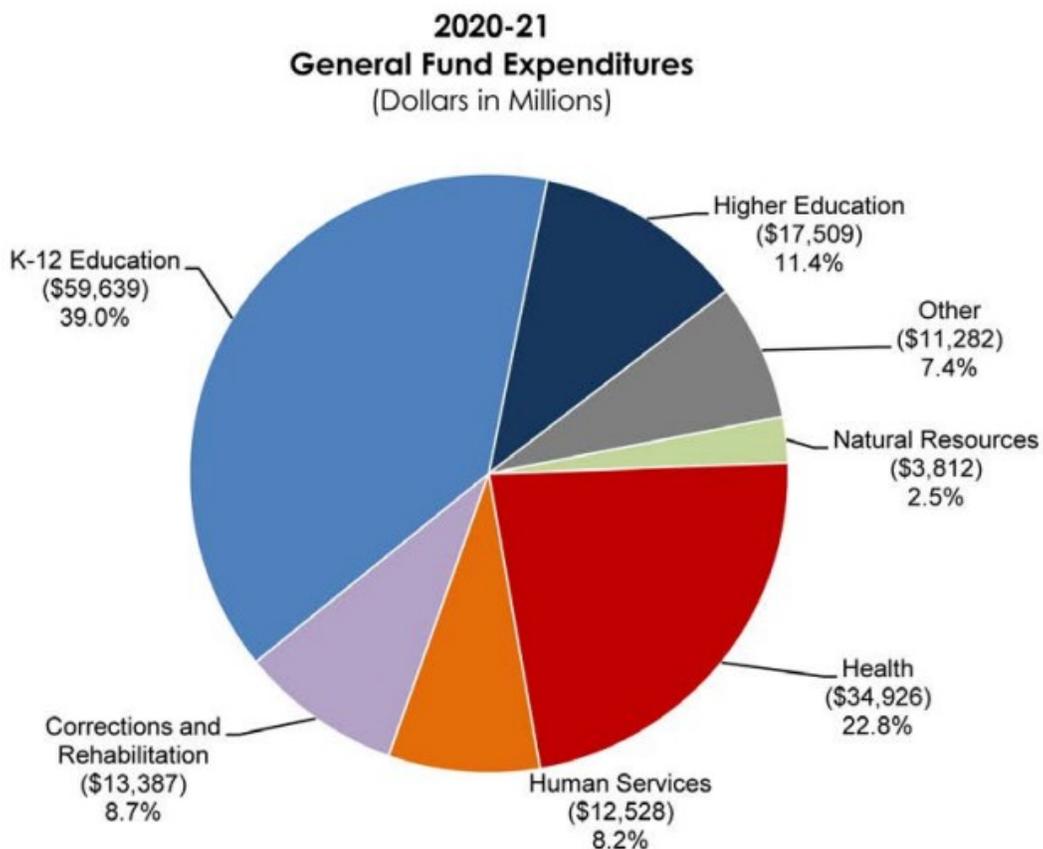
"Through smart investments and tackling the most intractable problems, California can continue to lead the nation in growth and opportunity."

Key Issues/Changes for RCRC Member Counties

Governor Newsom's 2020-21 proposed Budget:

- Continues to provide \$644,000 for the State's Payment in Lieu of Taxes (PILT) Program for 2020-21;

- Provides \$200 million to the Department of Forestry and Fire Protection (CAL FIRE) for forest health, resilience, and wildfire prevention programs, including prescribed burn projects, as prescribed in Senate Bill 901 (Dodd; 2018). These funds will continue implementation of the State’s Forest Carbon Plan and Strategic Fire Plan, as well as forest health provisions passed as part of SB 901. These funds were used in 2019 for such projects as establishing community fuel breaks, forest management and fuels treatment programs, and prescribed burns to improve wildfire resilience throughout the state;
- Provides \$60 million in State General Fund to support planning and water trading pilot projects across critically overdrafted basins, and water efficiency improvements in depleted groundwater basins. In addition, an additional \$395 million for projects to implement Groundwater Sustainability Plans coming from the proceeds of the proposed Climate Resiliency Bond;
- Proposes a \$4.75 billion climate resilience bond for the November 2020 ballot to fund diverse projects related to water quality, flood protection, sustainable groundwater management, Salton Sea management, forest health, critical infrastructure hardening, sea level rise, and establishment of community resilience centers;
- Provides an additional \$3.6 million for the University of California, Division of Agriculture and Natural Resources, which restores a funding reduction made in the 2019-20 State Budget; and,
- Proposes to collapse the three commercial cannabis licensing agencies into one, single state entity for better access for the industry and cities/counties.



Administration of Justice

2011 Realignment of Public Safety Responsibilities to Counties. In 2011, the Governor and the Legislature enacted the realignment of various state programs to counties. Specifically, the state shifted responsibility for an array of criminal justice populations under Assembly Bill 109, known as Public Safety Realignment. The 2011 Realignment fiscal structure ensured continued funding for several local public safety subventions (rural sheriff grants, COPS, etc.). Funding for Public Safety Realignment is made primarily via a dedication of 1.065 percent of the state portion of the sales tax rate, and secondarily through a portion of Vehicle License Fee (VLF) revenues. These revenue commitments are constitutionally protected with the passage of Proposition 30 (Temporary Taxes to Fund Education) in 2012.

AB 109 funding is directed to counties from a state-level Community Corrections Subaccount. Annual funding for the Community Corrections Subaccount is dictated by the 2011 Realignment fiscal structure set forth in statute, and the overall funding level produced by the dedicated state sales tax within a given fiscal year. Specific county-by-county allocations are made according to a permanent formula developed several years ago by a nine-member County Administrative Officer committee with assistance from the California State Association of Counties. The Governor's 2020-21 proposed Budget estimates \$1.459 billion statewide for counties in base Community Corrections Subaccount (AB 109) funds. Additionally, the Governor's 2020-21 proposed Budget projects \$92.6 million in 2019-20 growth funds (expected for receipt in Fall 2020), and an estimated \$83.6 million in 2020-21 growth funds (expected for receipt in Fall 2021). Actual growth amounts typically are not known until just before they are distributed (usually two to three months after the close of the fiscal year), but the Governor's May Revision will provide an update on both base and revenue estimates based on refined sales and VLF revenue projections.

AB 109 Planning Grants. The Governor's 2020-21 proposed Budget includes another one-time \$7.95 million appropriation for counties to revise and update their Community Corrections Partnership (CCP) plans. Each year since the passage of 2011 Realignment, the state has provided funds to support local implementation of AB 109, namely, the work in constructing and reviewing a county's CCP plan. Funds are allocated to each county as a fixed-dollar amount (\$100,000, \$150,000, or \$200,000) based on population. The Board of State and Community Corrections (BSCC) requires counties to report on the outcomes adopted by a county's CCP, and the ongoing progress in meeting those outcomes in order to receive the planning grant funds.

Additional County Probation Funding. The Governor's 2020-21 proposed Budget includes a newly proposed revenue source to support the work of county probation departments at the local level. The proposal acknowledges that most offenders on probation for misdemeanors are placed on "banked" caseloads and accordingly receive virtually no services or intervention, which does little to end the cycle of crime. To expand the reach and benefit of evidence-based practices to lower-level offenders, the Governor's 2020-21 proposed Budget includes a \$60 million investment per year for three years, as well as \$30 million in 2023-24 to support probation supervision and services for misdemeanants. It is anticipated that services would be targeted through the use of risk and needs assessments.

Additionally, the Governor's 2020-21 proposed Budget continues investment in implementation of Senate Bill 678 (Leno; 2009). Notably, the Governor's 2020-21 proposed Budget augments the SB 678 programmatic funding with an ongoing dedication of \$11 million in addition to baseline funding of \$113.8 million – for a total proposed investment of \$124.8 million statewide – to stabilize this core probation funding source. The proposal notes that the current funding methodology has resulted in fluctuations and associated uncertainty at the local level. SB 678 was enacted to provide counties with a financial incentive to reduce the number of felony probationers returning to state prison.

Courthouse Construction. The Governor's 2020-21 proposed Budget details a 2020 Five-Year Infrastructure Plan (Plan), which includes approximately \$2 billion of funding for the judicial branch out of a \$53.3 billion statewide Plan. The Governor references the legislatively required reassessment of trial court capital projects, the results of which were released by the Judicial Council in December 2019. Pursuant to that reassessment, there are 80 identified construction and renovation courthouse projects statewide. The Governor indicates that his proposal assumes dedication of \$2 billion to court facility construction over the next five years, with an expectation that five projects will be initiated each year over the five-year period of the Plan. The Administration anticipates proposing an initial list for courthouse projects this Spring, which will prioritize the most critical needs as identified in the Judicial Council's reassessment.

Criminal Justice Fines and Fees. The Governor's 2020-21 proposed Budget expands a pilot program currently operational in eight courts that allows for indigent and low-income individuals to apply online for a reduction in traffic-related fines and fees based on the person's ability to pay. The Governor's proposal would expand this program statewide and extend its application to both traffic and non-traffic infractions.

Investment in Local IST Diversion Programs. The Governor's 2020-21 proposed Budget includes funding to continue efforts to stem the number of persons deemed incompetent to stand trial (IST) who await admission to the Department of State Hospitals for competency treatment. First, the Governor proposes to establish a Community Care Collaborative Pilot Program, which would fund, over a period of six years, a pilot program in three counties for the purposes of providing community-based treatment and increasing investment in local strategies to reduce the cycle of arrests and rearrests often seen with the IST population. The Budget estimates the costs of this new initiative at approximately \$365 million over the six-year pilot period. Additionally, the Governor's 2020-21 proposed Budget includes \$8.9 million in 2020-21, and \$11.2 million annually thereafter to expand the Jail-Based Competency Treatment Program to eight additional counties, which is expected to add local program capacity by 63 beds in participating counties.

Local Jail Oversight. The Governor's 2020-21 proposed Budget seeks to strengthen the BSCC's local detention facility oversight function. Specifically, the Governor proposes that the BSCC more actively engage counties to address deficiencies identified during the jail inspection process both through the BSCC's public meeting process and through more frequent follow-up site visits. It also is proposed that the BSCC provide additional technical assistance to counties where facilities issues have been identified, and as part

of its regular standards review process, align Title 15 jail standards with national best practices.

Proposition 47. Approved by California voters in 2014, Proposition 47 reduces penalties for a variety of specified offenses, and dedicates the ‘savings’ from prosecuting and housing these offenders into programs that support K-12 truancy and dropout prevention, victim services, and recidivism reduction programs primarily focused on mental health and drug treatment. Proposition 47 requires the Department of Finance to calculate annual savings associated with the measure. The Governor’s 2020-21 proposed Budget estimates a savings of \$122.5 million comparing state correctional system savings in 2019-20 over 2013-14 (the fiscal year prior to Proposition 47 enactment), and subsequently dedicates those savings to the priorities specified in the initiative. The estimated Proposition 47 savings represents an increase in the prior year savings amount.

Proposition 57. The Governor’s 2020-21 proposed Budget provides \$13.8 million to county probation departments to supervise a temporary increase in the offender population subject to Post Release Community Supervision associated largely with the enactment of Proposition 57 (2016). Proposition 57 allows certain non-violent felons serving a sentence in state prison to seek early parole consideration. Much of this population will be subject to county responsibility under Post Release Community Supervision.

State Crime Laboratories. The Governor’s 2020-21 proposed Budget provides \$32 million in one-time funds to backfill the continued decline in revenues in the DNA Identification Fund, which will help assure continued processing of evidence for counties. Furthermore, \$7.3 million in ongoing funding is provided to maintain and replace forensic laboratory equipment. Local law enforcement agencies in 46 counties (nearly all rural) utilize state labs for analysis of forensic evidence. The purpose of the statewide laboratory system, which was established by the Legislature in 1973, was to provide quality and consistent forensic services.

Supplemental Funding for Local Indigent Defense. The Governor’s 2020-21 proposed Budget offers a two-pronged approach for improving the delivery of indigent defense at the local level. First, the proposal includes \$4 million in 2020-21, and \$3.5 million for each year thereafter to expand the Office of the State Public Defender’s mission to include enhancing the quality of indigent defense at the local level. Additionally, the Governor’s 2020-21 proposed Budget proposes a one-time allocation of \$10 million for the BSCC to administer, in consultation with the State Public Defender, a pilot program to augment local funding for indigent criminal defense, including an evaluation to determine effectiveness of these grants.

Trial Court Security – New Court Facilities. The Governor’s 2020-21 proposed Budget proposes \$7 million to address increased court security costs from new (post-Realignment) trial court construction.

In 2011, the Legislature realigned California’s trial court security funding scheme so the state would pay counties directly, rather than indirectly through the courts. Similar to

other criminal justice realignment programs, a fixed percentage of sales tax revenue is allocated to each county to pay for trial court security. A number of recently-constructed courthouses have resulted in increased court security costs since enactment of 2011 Realignment, including several RCRC member counties. To receive monies, counties must demonstrate to the Department of Finance the need for increased trial court security staff as a result of the post-Realignment (after October 9, 2011) opening of newer and oftentimes larger courthouses.

Broadband

Broadband for All. The Governor's 2020-21 proposed Budget outlines the Administration's strategy for increasing digital connectivity throughout the state. This strategy, "Broadband for All," is comprised of four components: mapping the state of connectivity; investing new resources; optimizing use of existing resources; and, coordinating government entities to prioritize connectivity across policies. The Governor's 2020-21 proposed Budget tasks the California Public Utilities Commission with leading the effort to map the state's connectivity, and based on that data, the Administration proposes to leverage existing funding programs, such as the Teleconnect Fund and the California Advanced Services Fund, to deploy needed broadband. Additionally, the Administration intends to coordinate government entities to prioritize the inclusion of high-speed Internet when developing other unrelated state projects when possible.

Broadband Infrastructure Improvement Grant Program. The Governor's 2020-21 proposed Budget includes \$51.4 million Proposition 98 funding for the K-12 High-Speed Network Broadband Infrastructure Improvement Grant Program to improve local educational agency broadband connectivity to ensure schools can administer computer-based assessments.

California Environmental Protection Agency

Assembly Bill 32 Cap-and-Trade Proceeds. The Governor's 2020-21 proposed Budget includes \$965 million from the state's Cap-and-Trade auction proceeds to support programs that decrease or sequester emissions from greenhouse gases (GHG). This is pared down from the \$1.36 billion allocated in the final 2019-20 State Budget. All funded programs are existing programs, with the Governor's 2020-21 proposed Budget cutting funds for a few programs entirely that the Governor is instead proposing to fund through the Climate Resilience Bond, and chopping \$10 million from the Department of Resources Recycling and Recovery (CalRecycle) funding for waste diversion implementation programs such as Senate Bill 1383 (Lara; 2016) organics regulations. The Governor's 2020-21 proposed Budget preserves the \$200 million for forest health programs as prescribed by Senate Bill 901 (Dodd; 2018), which will be in its second year of a five-year funding schedule.

The proposed Cap-and-Trade Expenditure Plan includes vital allocations to programs benefiting rural California communities, including:

- \$200 million to the Department of Forestry and Fire Protection (CAL FIRE) for forest health, resilience, and wildfire prevention programs, including prescribed burn projects, as prescribed in Senate Bill 901 (Dodd; 2018). These funds will continue implementation of the State's Forest Carbon Plan and Strategic Fire

Plan, as well as forest health provisions passed as part of SB 901. These funds were used in 2019 for such projects as establishing community fuel breaks, forest management and fuels treatment programs, and prescribed burns to improve wildfire resilience throughout the state.

- \$15 million to CalRecycle for waste diversion programs, including implementation of the Senate Bill 1383 (Lara; 2016) short-lived climate pollutant reduction requirements. This is a \$10 million reduction from the final 2019-20 State Budget Package as local governments enter the first year of implementing major new waste diversion mandates.
- \$18 million for the Healthy Soils program to provide incentives to farmers to implement agricultural management practices that sequester carbon.
- \$20 million to the Department of Food and Agriculture for methane reduction programs to help the agricultural industry with equipment replacements and upgrades such as dairy digesters and other GHG emissions reducing equipment.
- \$58 million for research, technical assistance, and workforce development to drive the state’s long-term transition to carbon neutrality.

RCRC’s main concerns with this proposal are ensuring that the forest health funds are used for their intended purposes – those funds were under attack several times during 2019 – and ensuring the need for an increase in CalRecycle’s waste diversion funds. RCRC will continue to advocate for allocation of auction proceeds to these and other programs and projects that benefit rural communities, and continue to pursue a change in the current definition of “disadvantaged communities” to disseminate Cap-and-Trade proceeds, as the current definition excludes most rural communities from receiving these targeted funds. RCRC will also continue seeking funds focused on rural communities in the various funding programs.

The complete proposed 2020-21 Cap-and-Trade Expenditure Plan is as follows:

2020-21 Cap-and-Trade Expenditure Plan

Investment Category	Department	Program	Final (In Millions)
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection	\$200
		AB 617 - Local Air District Implementation	\$25
		AB 617 - Technical Assistance to Community Groups	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Project	\$125
		Clean Trucks, Buses & Off-Road Freight Equipment	\$150
		Enhanced Fleet Modernization Program	\$75
		Agricultural Diesel Engine Replacement and Upgrades	\$50
Climate Smart Agriculture	Department of Food & Agriculture	Healthy Soils	\$18
Healthy Forests	CAL FIRE	Healthy & Resilient Forests	\$165

		Prescribed Fire & Fuel Reduction	\$35
		2019 Fire Safety and Prevention Legislation	\$8
Short-Lived Climate Pollutants	CalRecycle	Waste Diversion	\$15
	Department of Food and Agriculture	Methane Reduction	\$20
Integrated Climate Action: Mitigation and Resilience	Coastal Commission & SF Bay Conservation and Development Commission	Coastal Resilience	\$4
	California Conservation Corps	Energy Corps	\$7
Research and Technical Assistance	Natural Resources Agency, California Energy Commission, Office of Planning and Research, and Strategic Growth Council	Climate Change Research, Technical Assistance to Disadvantaged Communities and Capacity Building	\$25
Workforce Training	Workforce Development Board	Apprenticeships and Job Creation/Just Transition Strategies for a Carbon Neutral Economy	\$33
Total			\$965

Climate Catalyst Fund. The Governor’s 2020-21 proposed Budget creates a Climate Catalyst Fund and allocates \$250 million in 2020-21, and \$1 billion total, to provide low-interest loans to jump-start climate-related technologies and infrastructure that currently face barriers in the private market. The Climate Catalyst Fund will be focused on, but not limited to, promotion of such projects as zero-emission vehicles and infrastructure, climate smart agriculture and forestry, and “circular economy” projects such as recycling, composting, wood waste utilization, and carbon/methane capture and utilization.

RCRC has long advocated for the state to promote private investment in climate-related projects in California, particularly since the Cap-and-Trade Auction is only guaranteed through 2030. This program has the potential to speed up technologies in areas such as wood utilization and waste reduction that could help RCRC member counties both economically and ecologically.

Department of Toxic Substances Control Reform. The Governor’s 2020-21 proposed Budget makes significant changes to improve the governance of and increase funding for the Department of Toxic Substances Control (DTSC). In recent years, DTSC has suffered from a significant structural budget deficit and been plagued by operational challenges that adversely impact the timeliness of its permit decisions and jeopardize the future clean-up of contaminated sites. The 2019-20 State Budget Package included a one-time funding augmentation to allow the Administration to explore ways to structure a larger fiscal and management overhaul. The Governor’s 2020-21 proposed Budget establishes a new five-member oversight board that will set fees regulatorily, consider

permit appeals, and oversee DTSC operations. The fiscal changes would give DTSC much broader authority to set its own fees similar to State Water Resources Control Board's (SWRCB's) process, which is still subject to an overall spending cap imposed in the annual Budget.

Considering the costs associated with proper hazardous waste management, the need for a workable management system, and the importance of ensuring the state can undertake and oversee the cleanup of contaminated sites, RCRC will closely track these governance and fiscal changes to ensure that DTSC can continue to fulfill its vital role while guarding against significant fee increases.

Solid Waste Management and Recycling. The Governor's 2020-21 proposed Budget sends several signals in anticipation of future actions and investments in the solid waste arena. The proposed Cap-and-Trade Expenditure Plan reduces waste diversion funding for CalRecycle from last year's \$25 million allocation to just \$15 million this year. At the same time, a newly proposed \$1 billion Climate Catalyst Fund will be administered by the California Infrastructure and Economic Development Bank. This Climate Catalyst Fund will provide low-interest loans for, among other things, municipal waste and recycling, compost, wood waste collection and utilization, and carbon/methane capture and utilization. While the program details are not yet available, the program will emphasize investments in emerging technologies and small businesses.

The Governor's 2020-21 proposed Budget also includes several commitments to work with the Legislature to overhaul the state's troubled Beverage Container Recycling Program and move toward a "circular economy" in which manufacturers will reduce waste, reuse existing resources, and utilize readily recyclable or compostable materials in single-use products and packaging.

RCRC will remain extensively involved in efforts to improve the Beverage Container Recycling Program to ensure that manufacturers have greater responsibility for management of the single-use products and packaging they produce, and to secure additional funding to meet the state's ambitious solid and organic waste recycling goals.

State Water Resources Control Board. The Governor's 2020-21 proposed Budget includes \$130 million from the Greenhouse Gas Reduction Fund to implement the Safe and Affordable Drinking Water Fund as authorized by SB 200 (Monning; 2019). The SWRCB is currently developing a plan to deploy this ongoing funding to meet the program requirements of SB 200. During this first year, it is anticipated that most of the funding will be used to address immediate drinking water needs and planning for long-term solutions.

General Government

Animal Shelter Grant Program. The Governor's 2020-21 proposed Budget includes \$50 million one-time monies for the University of California Davis Koret Shelter Medicine Program to establish a grant program for local animal shelters. The funding for this five-year program will be available to animal shelters, prioritized by need, for training and assistance, in order to decrease dog and cat euthanization rates.

California Department of Food and Agriculture, School Nutrition. The Governor's 2020-21 proposed Budget includes \$10 million (non-Proposition 98) in 2020-21, and \$1.5 million annually thereafter, for the establishment of a "Farm to School" Grant Program to support California farmers by expanding healthy food access through grants to schools.

Cannabis Regulatory Structure. In November 2016, California voters approved Proposition 64, which sanctioned the adult-use of cannabis, and put forth a regulatory scheme similar to one created for medicinal-use. Proposition 64 outlined a number of tax levies that took effect once the licensing system was launched. Proceeds from these state taxes are required to be allocated in a variety of prescriptive ways.

The Governor's 2020-21 proposed Budget proposes to restructure the state regulatory functions for commercial cannabis activities. Currently, there are three main licensing agencies: Department of Consumer Affairs (Bureau of Cannabis Control), the Department of Food and Agriculture (CalCannabis), and the Department of Public Health (Manufactured Cannabis Safety Branch). The Governor proposes to consolidate the functions into one single agency, to be named the Department of Cannabis Control. This move is expected to create a single point of contact for licensees and counties/cities, which are required to sanction cannabis activities in their respective municipality. The Newsom Administration is expected to submit further details, likely around the May Revise, on how the restructure will be conducted. The Administration wishes to have the new single-entity Department by 2021.

The Governor's 2018-19 proposed Budget projects that cannabis excise taxes are expected to generate \$479 million in 2019-20, and \$550 million in 2020-21. Along with these forecasts, the Administration is proposing to simplify the process for which these taxes are collected, primarily at the distributor/retail level. Finally, the Administration projects that, using cannabis taxes, \$66.6 million will be available for the clean-up/remediation and enforcement of environmental impacts of illegal cannabis cultivation.

RCRC has been deeply involved in the development and implementation of the state's cannabis regulatory structure, particularly as it relates to cultivation. RCRC will remain engaged with the Administration as that structure is revised and further implemented.

Community Resiliency to De-Energization Events. The Governor's 2020-21 proposed Budget provides some assistance to help local governments improve their resiliency to Public Safety Power Shutoff (PSPS) events.

In the Governor's 2020-21 proposed Budget, the Administration notes their participation in the Pacific Gas & Electric (PG&E) bankruptcy proceeding and their demands for transformative change at the utility to improve its safety culture and management. The Governor's 2020-21 proposed Budget further declares that the Administration stands ready to work with the Legislature to pursue a state takeover if the utility fails to undertake needed reforms.

The Governor's 2020-21 proposed Budget allocates \$50 million to the California Governor's Office of Emergency Services (Cal OES) to "bolster community resiliency and build on the 2019-20 power-resiliency investments." The allocation appears to be

intended to ensure that local governments and special districts can continue to provide essential services during PSPS events. The associated Budget Change Proposal notes that many state fairgrounds and other evacuation shelters lack backup power so that they cannot effectively serve their intended roles if a wildfire coincides with a PSPS event. The Budget Summary notes that this allocation will be used to provide matching funds to local governments and specifically identifies schools, county election offices, and food storage reserves as being eligible for funding. Cal OES's timeline indicates that applications will be accepted in September 2020.

Other contemplated local resilience funding includes the previously mentioned \$225 million climate resilience bond allocation to fund new and improve existing community resilience centers that serve as evacuation and emergency response centers. While not included in the Governor's proposed 2020-21 budget, the California Public Utilities Commission is similarly proposing to dedicate \$612 million in special fund revenues (Self-Generation Incentive Program) through 2025 to deploy energy storage systems to increase PSPS resiliency of medically sensitive populations, residents relying on domestic groundwater wells, and critical infrastructure and facilities.

RCRC continues to be heavily engaged in advocacy efforts at the Legislature and before the California Public Utilities Commission to achieve systematic changes that reduce the impact of PSPS events and to secure funding to ensure that critical infrastructure and facilities remain operational in the event of a disaster or PSPS event.

County Revenues/Basic Aid Districts. The Governor's 2020-21 proposed Budget includes \$144,000 to reimburse Alpine County for funding shortfalls associated with their Sales & Use Tax and Vehicle License Fee Adjustment allocations. This shortfall is triggered by Basic Aid school districts having a strong presence within Alpine County. Recent State Budget Packages have provided monies to Alpine, Amador, and San Mateo Counties, and the cities located within, for shortfalls in their respective allocations to address the full loss occurring in these counties.

County Assessor's Operations. The Governor's 2020-21 proposed Budget includes \$5 million for grants to county assessors to assist in the maintenance and equalization of the county property tax rolls.

Fairs. The Governor's 2020-21 proposed Budget includes \$1.1 million through 2022-23 for deferred maintenance within the network of the state's 79 fairs, which include county fairs, citrus fruit fairs, District Agricultural Associations, and the California State Fair, which is an independent state agency.

In 2017, RCRC-supported Assembly Bill 1499 (Gray) was enacted, dedicating the state portion of the Sales and Use Tax collected from transactions at the fairgrounds to support the network of fairs if certain working conditions are met. To date, \$18.637 million has been reportedly collected. While Rulemaking is finally underway, until the Department of Food and Agriculture (CDFA) adopts rules on how to allocate these revenues, these AB 1499 monies will not be distributed to fairs and fairgrounds. RCRC has been actively engaged with the CDFA and stakeholders to ensure these funds be available for general operational support, deferred maintenance, and infrastructure.

RCRC is working with the CDFA, as well as other stakeholders, to ensure the long-term viability of fairs in light of the elimination of state funding in prior years. The previous lack of support placed several of the small and medium-sized fairs in jeopardy of closure, and the ongoing funding—both in operations and capital improvements—should provide some relief until a long-term solution is realized.

Fresno-Merced Food Innovation Corridor. The Governor’s 2020-21 proposed Budget includes an increase of \$33 million one-time General Fund for the establishment of an “innovation corridor” to stimulate research and development supporting advanced sustainable agricultural production and high-quality jobs in the San Joaquin Valley. The Department of Food and Agriculture will lead this effort in collaboration with the Governor’s office of Business and Economic Development, regional partners, University of California Merced, and California State University Fresno.

State Payment in Lieu of Taxes. The Governor’s 2020-21 proposed Budget includes \$644,000 in funding to pay State Payment in Lieu of Taxes (PILT) to local governments, which is consistent with the last several State Budget Packages.

California’s State PILT was established in 1949 to offset adverse impacts to county property tax revenues that result when the state acquires private property for wildlife management areas. Funding was generally reliable until the early 2000’s. Following a period of non-payment, the 2015-16 State Budget Package included \$1.77 million to Department of Fish and Wildlife (DFW) for the management of Department lands and facilities. This funding included \$644,000 to pay the State PILT obligation to 36 counties and, initially, an additional \$8 million to fund previous annual commitments to State PILT counties. However, the final 2015-16 State Budget Package eliminated the \$8 million intended for arrearages.

Additionally, the 2015-16 State Budget Package included language making State PILT payments permissive by changing Fish & Game Code Section 1504 from “*shall*” to “*may*.” In 2017, 2018, and 2019, RCRC worked with Senator Mike McGuire (D-Healdsburg) in attempts to restore the language back to “*shall*” without success. RCRC will continue this effort through the budget process for the arrears in State PILT funding owed to counties from prior years of non-payment, as the opportunities arise.

Sustainable Groundwater. The Governor’s 2020-21 proposed Budget includes \$60 million to support planning and water trading pilot projects across critically overdrafted basins, and water efficiency improvements in depleted groundwater basins. In addition, the Governor’s 2020-21 proposed Budget anticipates an additional \$395 million for projects to implement Groundwater Sustainability Plans coming from the proposed Climate Resiliency Bond.

Sustainable Pest Management. The Governor’s 2020-21 proposed Budget includes \$350,000 one-time General Fund to fund the cross-sector work group established by the Department of Pesticide Regulation and the Department of Food and Agriculture. The work group is tasked with developing more sustainable alternative pest management

tools for California growers as well as developing a five-year plan to help identify long-term pest management solutions.

University of California, Division of Agriculture and Natural Resources. The Governor's 2020-21 proposed Budget includes an additional \$3.6 million for the University of California, Division of Agriculture and Natural Resources (UCANR). This restores funding previously cut in the 2019-20 State Budget Package. In addition, the augmentation will allow UCANR to collaborate with the Department of Food and Agriculture in the proposed Fresno-Merced Food Innovation Corridor.

Water Resilience Portfolio. The Governor's 2020-21 proposed Budget references the Administration's draft Water Resilience Portfolio released in December 2019, and reflects the \$4.75 billion climate resilience bond for the November 2020 ballot. The bond, structured around climate risks, proposes over 60 percent of the bond funding for programs that align with the priorities in the Water Resilience Portfolio. For additional detail, see the Climate Resilience Bond section of this summary.

Williamson Act. The Governor's 2020-21 proposed Budget does not provide funding for the Open Space Subvention Program; however, it is anticipated that the final 2020-21 State Budget Package will include \$1,000 for the program. This is the lowest possible dollar figure that allows the program to remain in the State Budget.

The Williamson Act, also known as the California Land Conservation Act of 1965, authorizes cities and counties to enter into agricultural land preservation contracts with landowners who agree to restrict the use of their land for a minimum of 10 years in exchange for lower assessed valuations for property tax purposes.

In Fiscal Year 2003-04, then-Governor Schwarzenegger proposed to save approximately \$39 million by ending the state subventions. The first cuts came in 2008-09 when a Budget trailer bill reduced the state subventions by 10 percent. The Legislature's 2009-10 State Budget reduced the subventions to \$27.8 million. However, Governor Schwarzenegger essentially eliminated the subventions by cutting the appropriation to \$1,000.

Given the ongoing reluctance of the Legislature and several Administrations to fund Williamson Act subventions, discussions relative to changes to the Williamson Act continue. RCRC will continue to work with agricultural, environmental, and local governmental organizations to explore sources of sustainable funding, as well as potential changes to the program itself.

Health and Human Services

Behavioral Health.

Behavioral Health Task Force: The Governor's 2020-21 proposed Budget establishes a Behavioral Health Task Force at the Health and Human Services Agency to bring together relevant state departments, counties, consumers, health plans, providers, and other stakeholders to review existing policies and programs to improve the quality of care, and coordinate system transformation efforts. According to the Governor, this taskforce will

specifically examine the Lanterman-Petris-Short (LPS) Act, which regulates involuntary civil commitment to a mental health institution in the state of California, as well as consider changes to the Mental Health Services Act.

Mental Health Services Act: The Governor’s 2020-21 proposed Budget states the Administration’s intent to update the Mental Health Services Act (MHSA), which was enacted in 2004. The Governor’s 2020-21 proposed Budget suggests updating the MHSA to better focus on people with “mental illness who are also experiencing homelessness, who are involved in the criminal justice system, and for early intervention for youth.” The Administration plans to submit a proposal in the spring with MHSA reforms. Past efforts by the Legislature to reform MHSA have focused on county accountability for large funding reserves.

Behavioral Health Quality Improvement Program: The Governor’s 2020-21 proposed Budget includes \$45.1 million in 2020-21, and \$42 million in 2021-22 for Department of Health Care Services to provide funding to county-operated community mental health and substance use disorder systems to incentivize system changes and process improvements that will help prepare counties for opportunities through Medi-Cal Healthier California for All. Funding would likely be used for things such as enhanced data-sharing capability for care coordination and data collection, performance measurement, and reporting.

Parity Enforcement: The Governor’s 2020-21 proposed Budget directs the Health and Human Services Agency and Department of Managed Health Care (DMHC) to better enforce behavioral health parity requirements. The Governor stated that the state will be aggressively enforcing parity laws, including the fining authority. The Governor’s 2020-21 proposed Budget states that enforcement efforts will focus on timely access to treatment, network adequacy, benefit design, and plan policies. The Administration will propose any updates to implement these efforts in the spring.

Child Support. The Governor’s 2020-21 proposed Budget includes an increase of \$56 million (\$19.1 million General Fund) for Local Child Support Agency administrative costs. This is the second year of a three-year phased-in budgeting methodology.

Health Care Affordability.

Office of Health Care Affordability: The Governor’s 2020-21 proposed Budget states the Administration’s intent to establish the Office of Health Care Affordability (Office) in the spring of 2020. The Office will focus on: 1) increasing price and quality transparency; 2) developing strategies and cost targets for the different sectors of the health care industry and financial consequences for entities that fail to meet these targets; 3) creating strategies to address hospital cost trends by region, with a focus on cost increases driven by delivery system consolidation; and, 4) developing standards to advance evidence-based and value-based payments to physicians, physician groups, and hospitals, as well as administrative simplification.

Prescription Drug Costs: The Governor’s 2020-21 proposed Budget includes three proposals to reduce drug costs:

- Increasing the State's Purchasing Program: The Department of General Services will continue expanding partnerships with local pharmaceutical purchasers to increase participation in the state's purchasing program.
- Medi-Cal Best Price: The Department of Health Care Services' authority is expanded to consider the best prices offered by manufacturers internationally (rather than just in the United States) when conducting negotiations for state supplemental rebates.
- Rebates for Non-Medi-Cal Drug Purchases: The Medi-Cal program can leverage its purchasing power to negotiate supplemental rebates on behalf of targeted populations outside of Medi-Cal.

Additionally, the Administration will propose two initiatives in the spring:

- Golden State Drug Pricing Schedule: The Administration is proposing to establish single market for drug pricing within the state. The idea is to combine the purchasing power of Medi-Cal, CalPERS, Covered California, private insurers, self-insured employers, and others. Drug manufacturers would have to bid to sell their drugs at a uniform price in the newly created market.
- Generic Contracting Program: The Administration is proposing to establish its own generic drug label. The state would contract with one or more generic drug manufacturers to produce certain generic drugs on behalf of the state and participating entities.

Homelessness.

California Access to Housing and Services Fund: The Governor's 2020-21 proposed Budget provides \$750 million in one-time monies for the creation and funding of the California Access to Housing and Services Fund, established within the Department of Social Services. This program is intended to assist individuals in rental housing, as well as spur development of new housing units. Funding will be distributed directly to regional service providers to cover a wide array of activities, including rental payments for individuals facing homelessness, casework, and investment in board and care facilities.

In-Home Supportive Services. The Governor's 2020-21 proposed Budget includes a 16 percent increase in General Fund costs in 2020-21 over the 2019-20 revised level. Average monthly caseload is projected to be 586,000 recipients in 2020-21.

Training for County Social Workers and Managers: The Governor's 2020-21 proposed Budget includes \$3.7 million (\$1.9 million General Fund) in 2020-21, and \$240,000 (\$120,000 General Fund) ongoing to support additional training for county social workers and managers in conducting needs assessments for IHSS recipients.

Minimum Wage: The Governor's 2020-21 proposed Budget includes \$1.1 billion (\$523.8 million General Fund) to fund planned minimum wage increases of \$13 per hour on January 1, 2020, and \$14 per hour on January 1, 2021.

IHSS costs for Medi-Cal Expansion: The Governor's 2020-21 proposed Budget includes \$5.9 million General Fund in 2020-21, growing to \$119.5 million General Fund in 2021-22 to support IHSS costs associated with expanding Medi-Cal to undocumented adults age 65 and over.

Medi-Cal.

Medi-Cal Healthier California for All: The Governor's 2020-21 proposed Budget includes \$695 million (\$348 million General Fund) in 2020-21 for Medi-Cal Healthier California for All (formerly CalAIM), growing to \$1.4 billion (\$695 million General Fund) in 2021-22 and 2022-23. The Administration also indicates that they will submit a proposal this spring for the state operations component of Medi-Cal Healthier California for All Initiative. The Governor's 2020-21 proposed Budget includes a \$40 million (\$20 million General Fund) placeholder.

The Governor called his Medi-Cal Healthier California for All a "once in a lifetime opportunity to transform the Medi-Cal system." He indicated that if it is implemented right, it will be a national model. He also pointed to the initiative as the place where the major investments in mental health, substance use disorder and transparency and reforms at the county level will occur.

Medi-Cal Coverage and Benefits: The Governor's 2020-21 proposed Budget intends to expand full-scope Medi-Cal benefits to all person aged 65 and older, regardless of immigration statuses, no sooner than January 1, 2021. The Governor's 2020-21 proposed Budget provides \$80.5 million (\$64.2 million General Fund) in funding, which includes IHSS costs. The Administration is estimating 27,000 seniors will access the benefit in the first year; they are estimating full implementation costs to be \$350 million (\$320 million General Fund) in 2022-23 and ongoing.

Non-Medi-Cal Hearing Aid Coverage for Children: The Governor's 2020-21 proposed Budget intends to create a state program to assist families with the cost of hearing aids and related services for children without health insurance coverage for hearing aids in households with incomes up to 600 percent of the federal poverty level. This will be a state only program operated by Department of Health Care Services. The Governor's 2020-21 proposed Budget assumes an effective date no sooner than July 1, 2021. The annual costs are estimated at \$10 million.

County Administration: The Governor's 2020-21 proposed Budget includes an increase of \$67.7 million (\$23.7 million General Fund) for county Medi-Cal eligibility determinations.

CalWORKs: The Governor's 2020-21 proposed Budget includes a 3.1 percent increase to CalWORKs Maximum Aid Payment levels effective October 1, 2020, which is estimated to cost \$73.6 million in 2020-21, and \$98.1 million in 2021-22.

Managed Care Organization Tax: The Governor's 2020-21 proposed Budget does not reflect the inclusion of any Managed Care Organization (MCO) tax funding in 2020-21 given the delays experienced thus far in securing approval of the MCO tax. The Department of Health Care Services has provided the Centers for Medicare and Medicaid Services with additional information requested in December, but the timeline for approval is still unknown. However, the budget assumes \$1.2 billion in 2021-22 and \$1.9 billion in 2022-23 (which reflects a full year of funding).

Reforming Nursing Facility Financing. The Governor's 2020-21 proposed Budget proposes to reform the funding framework to move away from a cost-based methodology to one more based on value and quality. The existing nursing facility Quality Assurance Fee expires on July 31, 2020.

Housing

In contrast to the 2019-20 State Budget Package, the Governor's 2020-21 proposed Budget does not include significant new funding for housing related programs. However, the Governor continues to promote recent Administrative initiatives implemented through Executive Orders, such as siting affordable housing on excess state land. Additionally, the Governor's 2020-21 proposed Budget does not set forth any specific housing policy changes, but does include the following statement:

The Administration is committed to working with the Legislature this year on additional actions to expedite housing production, including changes to local zoning and permitting processes, as well as adding predictability and reducing the costs of development fees.

State Housing Tax Credit Program. The Governor's 2020-21 proposed Budget includes \$500 million to the state's tax credit program. The state's tax credit program, in conjunction with federal tax credits, helps close the gap in available funding for affordable housing developments. The 2019-20 State Budget Package included an appropriation of \$500 million for this program, and authorized the sum annually, upon appropriation through the State Budget.

Resources

Capital Improvement Projects in RCRC Counties. The Governor's 2020-21 proposed Budget continues to provide support to several Department of Forestry and Fire Protection (CAL FIRE) and California Conservation Corps (CCC) capital outlay projects in RCRC counties. These projects include:

- \$61.6 million for replacement of the CCC Ukiah Residential Center in Mendocino County;

- \$550,000 for the acquisition phase of the Howard Forest Helitack Base replacement project in Mendocino County (total project cost approximately \$18 million);
- \$2.75 million for working drawings to replace CAL FIRE's Butte Conservation Camp (total project cost approximately \$60 million);
- \$3.8 million for preliminary plans to replace the Intermountain Conservation Camp in Lassen County (total project cost approximately \$73 million);
- \$850,000 for the acquisition phase to replace the Kneeland Helitack Base in Humboldt County (total project cost approximately \$18 million);
- \$2.1 million for acquisition and preliminary plans to replace CAL FIRE's Lake/Napa Unit Auto Shop and Warehouse (total project costs approximately \$22 million);
- \$6 million for working drawings to build a new joint facility to co-locate CAL FIRE's Shasta Trinity Unit Headquarters and several Northern Region Operations–Redding facilities in Shasta County (total project cost approximately \$101 million); and,
- \$13.6 million for infrastructure improvements at four Air Attack Bases in Chico (Butte County), Fresno (Fresno County), Paso Robles (San Luis Obispo County), and Ramona (San Diego County) to operate C-130 aircraft (estimated total project costs of \$26 million).

Climate Resilience Bond. The Governor's 2020-21 proposed Budget notes that the Administration will propose a \$4.75 billion climate resilience bond for the November 2020 ballot. This bond would invest resources in mitigating flood, drought, wildfire, sea level rise, and extreme heat risks. It is intended to complement the state's draft Water Resilience Portfolio and improve local community resilience. Among the various pots of funding, the following are among those of greatest interest to RCRC counties:

- \$1 billion for **water resilience** for integrated regional water management projects, stormwater management, wastewater treatment, water recycling, storage, conveyance, conservation and efficiency, etc.;
- \$395 million for **sustainable groundwater management** to support local agencies as they implement projects outlined in groundwater sustainability plans;
- \$360 million for **safe drinking water** grants and loans to disadvantaged communities;
- \$610 million for **flood protection projects** to fund state cost share needs for Urban Flood Risk Reduction Projects and to fund multi-benefit flood risk reduction and ecosystem restoration projects;
- \$220 million for **Salton Sea** habitat and air quality mitigation projects;
- \$200 million for **environmental farming** to improve soil health, water quality and efficiency, resiliency, and provide habitat improvements;
- \$500 million to **harden critical community infrastructure**, including drinking water infrastructure, emergency shelters (fairgrounds), and public medical facilities. Funding will be prioritized for low-income areas at significant fire risk;
- \$250 million for **forest health projects**, including reforestation, acquisition of conservation easements, carbon sequestration, and upper watershed improvement projects. Funding is anticipated to supplement and not replace the existing allocation of Cap-and-Trade revenues dedicated to forest health projects;

- \$500 million to **mitigate the impacts of sea-level rise**, including through coastal wetland restoration and to fund demonstration projects that protect critical infrastructure like roads, railroads, sewage treatment plants, and powerplants that are vulnerable to sea level rise;
- \$325 million to **mitigate extreme heat** through urban greening, urban forestry, and installation of cool paving and roofing materials in vulnerable communities;
- \$25 million for **community climate risk and resilience planning**; and,
- \$225 million for **community resilience centers** to build new and retrofit existing facilities, which may include fairgrounds, so that they may serve as evacuation and emergency response centers in response to flood, drought, wildfires, and potential Public Safety Power Shutoff (PSPS) events.

Throughout 2019, RCRC engaged on the various resources bonds that were being contemplated by the Legislature. RCRC urged the Legislature to provide assistance for, among other things, water resilience and drinking water projects and local implementation of groundwater sustainability plans. RCRC has also strongly encouraged additional funding to harden critical infrastructure, improve forest health, and invest in community resilience centers that can provide stable, large-scale baseline services in the event of an emergency. Finally, RCRC has advocated for reinvesting in fairgrounds so they can better serve as community resilience centers and staging areas, including during widespread public safety power shutoff events as occurred throughout late 2018 and 2019. Once unveiled, RCRC staff will evaluate the proposed bond and work to ensure that it prioritizes water supply reliability, Sustainable Groundwater Management Act (SGMA) implementation, and rural climate and PSPS resilience.

Climate Resilience Bond
(Dollars in Millions)

Investment Category	Department	Program	Amount
Drinking Water, Flood, Drought	Department of Water Resources / State Water Resources Control Board	Regional and Inter-regional Water Resilience	\$1,000
	Department of Water Resources	Sustainable Groundwater Management	\$395
	State Water Resources Control Board	Safe Drinking Water	\$360
	Department of Water Resources	Flood - Urban/USACE Projects	\$340
		Flood - Systemwide Multi-benefit	\$270
	Natural Resources Agency	Salton Sea	\$220
	California Department of Food and Agriculture	Environmental Farming Incentive Program	\$200
	Department of Fish and Wildlife	Enhanced Stream Flows and Fish Passage	\$140
	Subtotal	\$2,925	
Wildfire	Natural Resources Agency, CAL FIRE, and Office of Emergency Services	Hardening of Critical Community Infrastructure	\$500
	CAL FIRE	Forest Health	\$250
	Subtotal	\$750	
Sea Level Rise	Ocean Protection Council	Coastal Wetland Restoration	\$320
		Nature-Based Solutions to Build Resilience	\$130
		Demonstration Projects to Protect Critical Infrastructure	\$50
	Subtotal	\$500	
Extreme Heat	Natural Resources Agency	Urban Greening and Forestry	\$200
	Strategic Growth Council	Cool Surface Materials	\$125
	Subtotal	\$325	
Community Resilience	Strategic Growth Council	Community Resilience Planning	\$25
		Community Resiliency Centers	\$225
	Subtotal	\$250	
	Total	\$4,750	

Delta Conveyance. The Governor’s 2020-21 proposed Budget does not include funding for the Administration’s proposed single-tunnel Delta Conveyance Project. However, it does note continued work on this proposal, and states that the project will be funded by water agencies that benefit from improved water supply reliability. The project is undergoing environmental review, including public outreach to various interested entities.

Department of Fish and Wildlife. The Governor’s 2020-21 proposed Budget builds on the Department of Fish and Wildlife’s implementation of a statutorily mandated, service-based budget. Preliminary efforts have identified gaps in specified levels of service as well as program implementation. This spending plan proposes a one-time General Fund augmentation, a permanent extension of limited-term General Fund monies that expires in 2020-21, and a shift of Habitat Conservation Fund monies to supplement the Department’s biodiversity conservation program.

The Governor’s proposed Budget also includes \$4 million and 16 positions for the launch of a “Cutting Green Tape” effort to enable environmentally beneficial work across the state more quickly and cost-effectively. These monies are directed at increasing the pace and scale of efficiencies of deploying grant programs, and forming a restoration permitting team to implement the “Cutting Green Tape” initiative.

Air Support to Protect Natural Resources: The Governor’s 2020-21 proposed Budget includes \$6 million for a fixed wing aircraft to monitor species populations, identify declines that could lead to drastic effects on commercial and recreational fisheries, and patrol impacts to species.

Wetlands Management: The Governor’s 2020-21 proposed Budget includes \$7.5 million to modernize water conveyance systems to better manage wetlands, buffer against climate change impacts, and reduce staff maintenance costs.

Hatchery Operations: The Governor’s 2020-21 proposed Budget includes \$6.5 million to modernize hatchery facilities to improve operational reliability as well as fish survivability.

Stabilizing Operations: The Governor’s 2020-21 proposed Budget includes a permanent extension of \$30 million (formerly due to expire in 2020-21) to support operations. In addition, the Governor’s 2020-21 proposed Budget also includes \$2.2 million and eight new positions for improved management of the one million acres of wildlife and ecological areas owned/operated by the Department of Fish and Wildlife; as well as \$12.7 million and 34 positions to increase capacity to protect species threatened by extinction.

Department of Parks and Recreation. The Governor’s 2020-21 proposed Budget includes \$20 million for the acquisition of lands to create a new state park. In addition, an additional \$24 million is anticipated from passage of the General Obligation bond for improving facilities, enhancing access in existing parks and to take advantage of unidentified “opportunity” acquisitions.

Emergency Preparedness and Response. California continued to suffer through devastating wildfire events in 2019, with the Kincade Fire burning more than 77,000 acres in Sonoma County, and several other fires burning throughout the state in October and November. Wildfire has become the most urgent natural disaster facing California, and the Governor’s 2020-21 proposed Budget continues the Administration’s commitment from the 2019-20 State Budget Package to address response and preparedness for wildfire and all emergency conditions that could occur in California communities.

California Department of Forestry and Fire Protection (CAL FIRE): The Governor's proposed 2020-21 Budget includes \$120 million in 2020-21, and 677 positions to provide CAL FIRE operational flexibility through fire season and beyond based on fire conditions. The additional resources will allow for coverage when staff are undertaking training or out on sick and vacation days while also providing additional staffing during major wildfire incidents and weather events. The resources will also be available to staff additional fire engines when fire conditions require an increase to the existing year-round engines, and to pre-position firefighting personnel in high-risk areas by adding a fourth firefighter on a portion of CAL FIRE engines as conditions merit. These additional staffing resources will augment existing permanently funded firefighting pre-positioning resources.

CAL FIRE Infrastructure: The Governor's proposed 2020-21 Budget includes \$65.6 million from the General Fund and lease revenue bond financing for facility replacements, relocations, and remodels, and to initiate the construction of barracks at three air attack bases in to support the C-130 aircraft program.

Community Power Resiliency: The Governor's proposed 2020-21 Budget recognizes the impacts from the expanded use of Public Safety Power Shutoff (PSPS) in 2019 by investor-owned utilities to avoid igniting catastrophic wildfire events in high fire risk areas across the state. The proposal includes \$50 million in one-time monies to support critical services that are still vulnerable during PSPS events, including schools, county election offices, and food storage reserves. The allocation will also support a matching grant program for local governments to help mitigate the impacts of PSPS events.

Wildfire Forecast and Threat Intelligence Integration Center: In 2019, the Legislature passed Senate Bill 209 (Dodd) requiring the Office of Emergency Services (Cal OES) and CAL FIRE to establish a Wildfire Forecast and Threat Intelligence Integration Center (Center). The purpose of the Center is to provide intelligence and data to government agencies to help predict wildfire threats, to develop intelligence products for entities involved in wildfire risk mitigation efforts, and to serve as a centralized hub for fire forecasting, weather information, and other analysis to help plan for wildfire response in real-time. The Governor's proposed 2020-21 Budget includes \$9 million (mostly General Fund) to begin implementation of the Center.

Wildfire Mitigation Financial Assistance Program—Home Hardening: In 2019, the Legislature passed Assembly Bill 38 (Wood) establishing the Wildfire Mitigation Financial Assistance Program (Program) through July 1, 2025. The Program is designed to help residents in low-income, high fire risk communities with home hardening projects and defensible space maintenance. The Governor's proposed 2020-21 Budget includes \$110.1 million to implement AB 38 as follows:

- CAL FIRE and Cal OES will develop a Joint Powers Agreement to administer a \$100 million home hardening pilot program. \$25 million of this one-time funding will come from the General Fund, and will be used to leverage an additional \$75 million in federal hazard mitigation funding.
- Additional CAL FIRE defensible space inspections and a regional fire prevention capacity review, pursuant to AB 38, will be funded by an \$8.3 million Greenhouse Gas Reduction Fund allocation.

Office of Emergency Services: The Governor's proposed 2020-21 Budget includes \$9.4 million (\$9.2 million General Fund) to enhance Cal OES's overall disaster preparedness and response capabilities. The Governor's proposed 2020-21 Budget also includes a one-time \$16.7 million increase to the California Disaster Assistance Act (CDAA) fund, which can be accessed by local governments in response to a state of emergency. The total allocation proposed for CDAA funding with this increase is \$79.3 million.

California Earthquake Early Warning: The Governor's proposed 2020-21 Budget includes \$17.3 million one-time funding from the California Earthquake Safety Fund, relying on a one-time General Fund loan, for operation and maintenance of the California Earthquake Early Warning System, which began initial operation in October 2019.

Oil and Gas Oversight. The Governor's 2020-21 proposed Budget devotes additional resources to increase regulatory oversight and enforcement of oil and gas operations, and reevaluate the financial assurances well owners are required to maintain to ensure proper plugging and abandonment of those facilities. These changes come on the heels of the Governor's efforts to decarbonize the state's economy by phasing out the production and use of fossil fuels. Given the prevalence of oil and gas wells throughout the state, and the significant costs associated with properly plugging orphan wells, RCRC will continue to monitor these oversight changes at the newly-renamed California Geologic Energy Management Division (CalGEM).

Tsunami Hazard Zone Mapping. The Governor's 2020-21 proposed Budget proposes \$600,000 annually for three years to the California Geological Survey (CGS) to map Tsunami Hazard Zones along California's coastline. Local governments are required to protect communities from unreasonable risks related to seismic hazards, which include tsunamis. The CGS is responsible for providing hazard mapping to assist local governments comply with those responsibilities. With the development of a new federal model for evaluating the probability of local tsunami hazards, CGS is requesting funding to prepare new probability-based maps to help inform future local planning efforts. RCRC's members make up a substantial portion of California's 1,100-mile coastline and will be responsible for utilizing these new maps as they update their General Plan Safety Elements.

Voluntary Agreements. The Governor's 2020-21 proposed Budget indicates that work will continue between a broad range of water agencies and other stakeholder groups to develop voluntary agreements to implement the SWRCB's Bay-Delta Water Quality Control Plan. No additional funding is included.

Water. In addition to the anticipated bond funding, the Governor's 2020-21 proposed Budget includes \$103 million in one-time funding for efforts to support the draft Water Resiliency Portfolio, which anticipates investments in the New River, Tijuana River, groundwater management, and the State Water Efficiency and Enhancement Program (SWEEP).

The Governor's 2020-21 proposed Budget includes \$66 million in one-time funding for Urban Flood Risk Reduction projects and to modernize operations for fish, wildlife, and habitat protection.

The Governor's 2020-21 proposed Budget includes \$35 million ongoing funding to support various programs and projects that align with the draft Water Resiliency Portfolio, including those identified in other areas of this summary related to implementation of the Sustainable Groundwater Management Act (SGMA) as well as programs under the Department of Fish and Wildlife.

The Governor's 2020-21 proposed Budget includes \$60 million to support local implementation of the SGMA. This is in addition to the \$395 million proposed in the Climate Resilience Bond for projects to support SGMA implementation.

Finally, the Governor's proposed 2020-21 Budget identifies \$257 million in existing bond funds (primarily from Proposition 68) to continue to support natural resource programs aligned with Climate Resiliency.