



RCRC
*THE RURAL
RUNDOWN*

June 15, 2022

**A SUMMARY OF THE
INITIAL 2022-23 STATE
BUDGET PACKAGE**

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RCRC'S SUMMARY OF THE INITIAL 2022-23 STATE BUDGET PACKAGE

Earlier today, after relatively short floor discussions, the Legislature approved and sent to the Governor for signature, the Budget Bill, SB 154, which contains the agreement reached between the two houses a couple of weeks ago. The *Rural Rundown* captures highlights of the budget bill as it relates to RCRC member counties.

SB 154 enacts the main budget framework for 2022-23 and sets the foundation for ongoing negotiations between the Legislature and the Governor.

At its core, SB154:

- Authorizes \$300 billion in spending, including \$235.9 billion in General Fund expenditures; and
- Sets aside \$37.8 billion of combined reserves in the Budget Stabilization Account, the Special Fund for Economic Uncertainties, the Public School System Stabilization Account and the Safety Net Reserve.

With the approval of the Budget Bill, the Legislature has met its constitutional obligation and, presumably, the measure will reach the Governor's desk for consideration no later than Wednesday, June 15. From there, the Governor has 12 days to sign the bill and, theoretically, time for the Governor and Legislative leaders to negotiate a number of unresolved issues, including tax relief/cash assistance, school funding, housing and homelessness, climate change investments, and health and development services.

Finally, it is important to note that, as has become the norm of late, it is expected that these conversations will last well into the middle of August and, perhaps, through the end of the legislative session on August 31.

While not a comprehensive list, below are some of the budget highlights of particular interest to RCRC member counties:

Agriculture

- Appropriates \$25 million for a one-time subvention payment to counties with active Williamson Act programs.

Community and Economic Development

Broadband

- Authorizes additional Broadband Middle-Mile funding of \$1.1 billion in 2023-24 and 2024- 25 to meet revised estimates of demand for the revised scope of the project.

Homelessness

- \$500 million in both 2022-23 and 2023-24 for the Homeless Housing, Accountability, and Prevention Program (HHAPP).

County Operations

Cannabis

- Allocates \$20 million for a Cannabis Local Jurisdiction Retail Access Grant Program, pursuant to pending legislation. Pursuant to a pending budget trailer bill, eliminates the cannabis cultivation tax; keeps the cannabis excise tax rate at 15 percent for three years, with the ability to adjust the excise tax rate taking into consideration additional revenues received by December 31, 2025; and sets the minimum baseline for Allocation 3 funding for youth education, environmental restoration, and state and local law enforcement programs at \$670 million with up to \$150 million General Fund set aside to backfill any revenue loss to meet the baseline.

Healthcare and Social Services

Behavioral Health

- Sets aside proposed resources at various state departments for the implementation of the Community Assistance, Recovery and Empowerment (CARE) Court proposal and defers proposed trailer bill to a policy bill.
- The Governor and legislative leaders have not yet committed to providing ongoing funding for new county CARE Court duties, which will likely cost hundreds of millions of dollars in new net responsibilities. RCRC, along with CSAC, UCC, and other county organizations, are refining that estimate based on evolving language in the bill and will continue to advocate for adequate local funding.
- Approves \$1.5 billion over two years for immediate, clinically enhanced bridge housing solutions for individuals experiencing homelessness with serious mental illness and state operations resources for the Department of Health Care Services (DHCS) to implement the project and provide technical assistance to counties.
- To support CARE Court implementation, counties are requesting that the \$1.5 billion in Bridge Housing Funding be allocated to counties on a flexible, non-competitive basis and that these funds be disbursed to participating counties as soon as possible.

Public Health

- Approves the Governor's proposed \$300 million ongoing investment in state and local health departments to address vital public health priorities and adopts trailer bill to codify the ongoing expenditures associated with this funding.
- Provides \$532.5 million General Fund one-time, over four years, in addition to the Governor's health care workforce proposal. The funding includes \$200 million for the behavioral health workforce and \$195.5 million for the public health workforce.

Natural Resources

- \$21 billion General Fund, along with other special funds, for climate and energy-related programs including wildfire resilience and CAL FIRE staffing levels, water and drought resilience, energy, zero-emission vehicles, and other climate-related items.

The Climate and Energy Package will be subject to ongoing negotiations with the Administration to determine how the funds will be allocated within those categories.

- \$114 million for the California Disaster Assistance Act (CDAA), which is a \$34 million increase over 2021-22. These funds can be accessed by local governments for disaster mitigation projects and activities such as wildfire mitigation and post disaster clean-up.
- Approves the Governor's proposal for \$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.

Solid Waste Management & Recycling

- Allocates \$180 million from the Greenhouse Gas Reduction Fund to help local governments implement SB 1383.
- 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.

Water

- Provides \$100 million for dam safety projects.
- Provides \$77.6 million for ocean protection and sea level rise in 2022-23 and \$300 million ongoing for nature-based sea-level rise adaptation.
- Extends the Proposition 1E flood project extension of liquidation to ensure projects in progress may continue.
- \$1.5 billion for purchasing and retiring senior water rights for conversion of those water rights into environmental uses.

Contact members of the RCRC Government Affairs Department at 916-447-4806 with any questions or concerns. Additional state budget information will be distributed to member counties as budget conversations continue.
