

**RCRC**  
*THE RURAL  
RUNDOWN*

May 14, 2021

**GOVERNOR'S 2021-22  
MAY REVISION**

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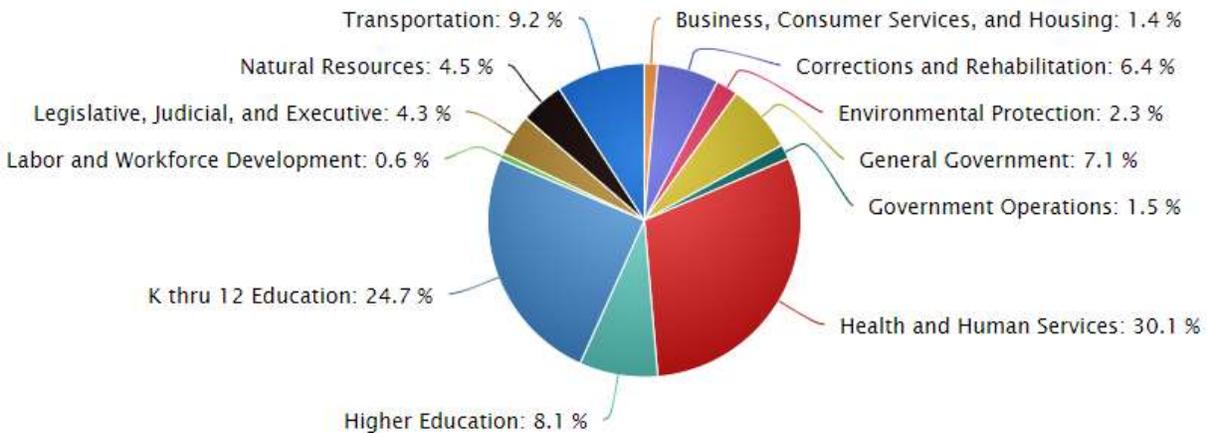
## RCRC'S SUMMARY OF THE GOVERNOR'S 2021-22 MAY REVISION

### Summary

Earlier today, Governor Gavin Newsom released his Administration's 2021-22 May Revision. *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. *The Rural Rundown* of the Governor's May Revision highlights the changes from the Governor's January proposed Budget and outlines key issues and changes on high priority items for RCRC member counties. *The Rural Rundown* of the Governor's January proposed Budget can be accessed [here](#).

### Total State Funds

Total \$268 Billion



### Overview

At \$267.8 billion, the Governor's May Revision reflects Governor Newsom's "California Comeback Plan," an expansive spending proposal that builds on an estimated \$75 billion in unexpected surplus funds plus \$26 billion in federal coronavirus (COVID-19) stimulus funding. Including the \$100 billion windfall, the total plan includes \$175.9 billion in General Fund spending and \$64 billion in Special Fund spending, supplemented by federal stimulus dollars and targeted Bond Fund spending. In total, there is a combined \$24.4 billion in constitutionally mandated budgetary reserves.

Overall, state financial officials project a \$38 billion budget surplus in the upcoming fiscal year, which is more than double their January estimates. The Governor's May Revision allocates \$16.2 billion to comply with the State Appropriations Limit, otherwise known as the "Gann Limit," which limits the amount of state tax revenues that can be allocated by the state. These allocations include additional stimulus payments as part of his "Golden State Stimulus" package, which will expand the state's previous stimulus eligibility to around

"California's recovery is well underway, but we can't be satisfied with simply going back to the way things were."— Governor Newsom

2/3 of all Californians plus provide additional stimulus payments to families with children and undocumented families. The remainder of the allocations will be to K-14 schools in 2022-23.

The Governor's May Revision signifies an unprecedented economic turnaround after the impacts of COVID-19 in 2020, when the state faced a resulting budget deficit of \$50 billion. The recovery can be attributed to a number of factors, including the infusion of significant federal stimulus dollars and the rebound of the stock market.

The Governor's January proposed Budget spending plan features broad investments in housing affordability and homelessness, drought response, small business economic recovery, and public school infrastructure. It also proposes additional funding for wildfire prevention and preparedness, building on the early action funding allocated earlier this year.

### **Key Issues/Changes for RCRC Member Counties**

The Governor's May Revision:

- Expands California's "Golden State Stimulus" program to provide direct relief payments to two-thirds of California residents;
- Allocates a total of \$7 billion in state and federal funding to provide equitable access to highspeed internet throughout the state;
- Provides \$708 million in additional funding for the Wildfire and Forest Resilience Expenditure Plan, for a total of \$1.2 billion;
- Proposes \$989 million to meet immediate and future drought and water supply needs while building regional capacity to endure dry conditions;
- Provides a total of \$9.3 billion in state and federal funding for housing and homelessness;
- Adds \$641 million, over two years, to the \$285 million already proposed in the Governor's Budget, for a total of \$926 million (\$776 million in 2021-22) in strategic investments to support California's agriculture industry and nutritional food assistance programs; and,
- Proposes the permanent continuation of IHSS state and county sharing ratio at 65 percent state and 35 percent county.

### **Administration of Justice**

**2011 Realignment of Public Safety Responsibilities to Counties.** In 2011, the Governor and Legislature enacted the realignment of various state programs to counties. Funding for the entire collection of public safety and health and human services programs are ensured primarily through 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.

Under one major element of the now decade-old Realignment, the state shifted responsibility for an array of criminal justice populations under Assembly Bill 109. Annually, AB 109 funding is directed to counties from a state-level Community Corrections Subaccount, dictated by the 2011 Realignment fiscal structure set forth in

statute and with 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 May Revision updates revenue estimates across all 2011 Realignment accounts and subaccounts. The Community Corrections Subaccount is projected to receive \$1,519.1 million in the budget year, up approximately \$110 million from the Governor's January proposed Budget estimates. Additionally, the Governor's May Revision updates its growth estimates and now projects \$153.1 million in 2020-21 growth funds (expected for receipt in Fall 2021) and \$98.8 million in 2021-22 growth (expected for receipt in Fall 2022). Notably, the Governor's January proposed Budget had predicted no sales tax growth for 2011 Realignment in the budget year. 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).

VLF revenues attributable to local law enforcement assistance programs in 2011 Realignment – including the Citizens Option for Public Safety, the Juvenile Justice Crime Prevention Act, as well as the Rural and Small County Sheriffs program, among others – are projected to decline slightly in the budget year. The statewide 2020-21 funding level for these programs is estimated to be \$738.9 million but is projected to drop approximately \$10 million to \$729.2 million statewide in 2021-22. These levels, however, remain well above the minimum statewide amount of \$489.9 million guaranteed by the 2011 Realignment fiscal structure.

**Pre-Trial Services Funding.** The Governor's May Revision proposes \$140 million in 2021-22 and \$70 million annually thereafter to expand pre-trial services to all 58 courts and county probation departments. This funding is meant to support pre-trial release decisions that impose the least restrictive conditions, maintain public safety, assist individuals in returning to court, and assure appropriate monitoring and supervision practices. Under this proposal, the Judicial Council will administer the funds and provide related technical assistance as well as evaluate pre-trial programs and services and report associated findings to the Legislature.

**Juvenile Justice Realignment.** The Governor's May Revision offers no new resources (beyond what already was provided in the 2020-21 budget) for implementation of last year's Senate Bill 823, which – beginning July 1, 2021 – will halt the intake of new youth offenders into the Division of Juvenile Justice (DJJ) facilities, with rehabilitation and custody responsibility for the previously DJJ eligible population shifting to counties going forward. The Governor's revised spending plan does, however, adjust downward the anticipated population impact associated with the shift to county responsibility. Under the state's revised population estimates, the estimated DJJ population in 2020-21 is now 732 youth and in 2021-22 is 613, representing net decreases from the Governor's January proposed Budget projections of 58 and 116, respectively.

As a result, the Governor's May Revision, consistent with SB 823, adjusts the annual funding amounts for counties to match population projections, with resources growing year-over-year consistent with the incremental impacts of the prospective shift: \$45.7

million in 2021-22, increasing to \$211.9 million annually at full implementation beginning in 2024-25.

To support the establishment and on-going operation of the new Office of Youth and Community Restoration (OYCR) within the Health and Human Services Agency, the Governor proposes an increased level of funding as compared to his January proposed Budget: \$7.6 million (up from \$3.4 million) in 2021-22 and \$7.2 million (up from \$3.1 million) on-going. The OYCR is assigned numerous responsibilities, including reviewing county plans, reporting on youth outcomes in the juvenile justice system, staffing a Child Welfare Council committee focused on improving outcomes for justice-involved youth, and establishing an Ombudsperson Office.

Lastly, the Governor's May Revision proposes statutory provisions associated with assuring the on-going operation of the Pine Grove Youth Conservation Camp in Amador County. Consistent with intent language contained in SB 823, the trailer bill language seeks to maintain firefighting operations by authorizing juvenile courts – by way of contracts between counties and the state – to place youth at Pine Grove (Amador County).

**State Prison Issues.** In recognition of the prolonged suspension of intake into the state's adult institutions resulting from the pandemic, the Governor's May Revision affirms reimbursements to counties for increased lengths of stay in county jails for persons awaiting transfer to state prison. In addition to the \$121.1 million in payments to county sheriffs for these purposes through mid-March, the Governor's May Revision estimates that an additional \$98.3 million in reimbursements will be made prior to June 30, 2021, and projects an additional \$97.5 million in repayments in 2021-22 as the backlog is reduced and, ultimately, eliminated.

Additionally, the Governor's May Revision recognizes the on-going decline in the prison population, permitting the California Department of Corrections and Rehabilitation to terminate use of out-of-state facilities and resulting in decisions to shutter two state prisons: the Deuel Vocation Institution in Tracy (San Joaquin County) by September 2021 and the California Correctional Center in Susanville (Lassen County) by June 2022. No additional insights on possible future institution closures are offered in the Governor's May Revision.

The Governor's May Revision also describes proposed new investments associated with an effort – modeled on Norway's correctional system – of reimagining the state's rehabilitative and programming approach. With a proposed augmentation of \$13.7 million in 2021-22 and \$3 million on-going, the Governor proposes to invest in programming and facility improvements at Valley State Prison in Chowchilla (Madera County), including enhanced educational, vocational, and career technical training opportunities as well as increased digital literacy development.

Finally, the Governor's May Revision also proposes to increase opportunities for visitation in an effort to maintain familial contacts and help inmates prepare for successful reentry. Specifically, a new on-going investment of \$20.3 million annually will permit institutions to offer a third day of in-person visitation as well as offer families free transportation on

designated days to on chartered buses. Video visitation – which was expanded during the pandemic – will continue to be offered for state prison inmates and their families.

**Criminal Justice Fines and Fees.** The Governor’s May Revision proposes a new fine and fee forgiveness program to recognize of the disproportionate hardship that court-ordered debt imposes on those least able to afford it. This proposal would dedicate \$300 million in one-time federal American Rescue Plan Act of 2021 funds to support additional relief for low-income individuals who owe fines and fees associated with traffic and non-traffic infractions issued between January 1, 2015, and June 30, 2021. Qualifying individuals would be required to apply for relief and demonstrate income eligibility. The \$300 million in funding would support implementation costs at the trial court level and provide a backfill for lost county and court revenue.

Also of note, the Governor’s May Revision includes an allocation of the \$65 million associated with last year’s elimination of a wide variety of criminal justice administrative fees effective July 1, 2021, pursuant to the enactment of Assembly Bill 1869. Under that measure, the authority to impose and collect an array of fees – including those imposed to recover costs associated with probation supervision and the provision of public defender services – will be abolished and all debt associated with previously levied fees vacated. A proposed methodology for distributing the backfill has yet to be announced.

**Other Court-Related Investments.** The Governor’s May Revision includes \$158 million in one-time funds as part of the revised Infrastructure Package to address deferred maintenances in the trial and appellate courts. This augmentation brings the total one-time funding for court deferred maintenance to \$188 million in 2021-22.

Additionally, the Governor’s May Revision provides for \$330,000 in 2021-22 and \$660,000 thereafter to support new trial court security costs at the new Shasta County courthouse scheduled to come online in January 2022. It should be noted that Shasta County is one of two counties in which court security is provided by a county marshal’s office.

**Investments to Address Incompetent to Stand Trial (IST) Needs and Waitlist.** The Governor’s May Revision proposes a variety of investments to address the long-standing and – as exacerbated by the pandemic – growing list of persons deemed as IST who await admission to the Department of State Hospitals for competency treatment. First, the Governor includes in his Behavioral Health Continuum Infrastructure proposal \$250 million in one-time competitive grants to: (1) support facilities that address the needs of the justice system-involved individuals deemed IST in community-based settings; and, (2) avoid unnecessary state hospitalizations. The Governor’s January proposed Budget contemplated redirecting relinquished jail construction bond capacity for this purpose; the Governor’s May Revision instead will support the IST infrastructure initiative with state General Funds.

Additionally, the Governor’s May Revision proposes the following investments to address the state’s IST population: \$23.3 million in 2021-22 increasing in 2024-25 to \$49.8 million for community-based competency restoration; \$13.3 million for jail-based competency treatment programs, increasing to \$22.5 million in 2022-23; \$12.7 million in a collaborative

effort with county jails to re-evaluate persons deemed IST awaiting 60 days or more for transfer to a state hospital; and, \$17.1 million (increasing to \$146 million in 2023-24 and on-going) to backfill lost revenues associated with the state hospitals' inability to take new Lanterman-Petris-Short (LPS) Act patients and associated discontinuation of LPS contracts with counties.

**Proposition 47.** Approved by California voters in 2014, Proposition 47 reduces penalties for a variety of specified offenses and dedicates the state's associated correctional savings 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 May Revision estimates savings of \$116.2 million comparing state correctional system savings in 2021-22 over 2013-14 (the fiscal year prior to Proposition 47 enactment), an increase of \$1.4 million over the January budget estimate. The final 2021-22 savings amount will be determined in late summer 2022.

**Proposition 57.** The Governor's May Revision provides \$23.6 million to county probation departments – up \$4.1 million over the Governor's January proposed budget – to supervise a temporary increase in the offender population subject to Post Release Community Supervision associated largely with the enactment of Proposition 57 (2016) and recently released regulations that expand state inmates' good conduct credit-earning. Proposition 57 allows certain non-violent felons serving a sentence in state prison to seek early parole consideration.

**Police Use of Force Investigations.** The Governor's May Revision increases investment associated with the recently enacted Assembly Bill 1506, which requires state prosecutors to investigate officer-involved shootings that result in the death of unarmed individuals. For this purpose, the Governor's January proposed Budget included \$13 million in 2021-22, increasing to \$13.5 million on-going to support three regional teams – northern, central, and southern – that will have responsibility for conducting these investigations. The Governor's May Revision augments these amounts by \$2.3 million in 2021-22 and \$2.1 million on-going and adds an additional investigative team in the southern region of the state for a total of four teams. Additionally, the Newsom Administration intends to confer authority to the Director of Finance to augment the overall appropriation in 2021-22 based on workload needs to ensure successful implementation of AB 1506.

**California Violence Intervention and Prevention (CalVIP) Funding.** The CalVIP Grant Program, administered through the Board of State and Community Corrections, provides funding to cities and community-based programs for diversion, outreach to transition-age youth at risk of entering the justice system, and other violence reduction models. The Governor's May Revision proposes to invest an additional \$100 million over three years to expand the program. Although counties traditionally have not been eligible for CalVIP funding, this infusion of considerable additional resources for violence prevention efforts is noteworthy.

**Supplemental Funding for Victims of Crime Act.** In the Office of Emergency Services (CalOES) budget, the Governor’s May Revision proposes \$100 million in one-time funds to supplement federal funding for various domestic violence victim services, including rape crisis programs, domestic violence housing, victim-witness programs, and child advocacy centers. The one-time augmentation is meant to sustain existing programs and build capacity to manage increased need occasioned by the pandemic.

### **Broadband**

The Governor’s May Revision commits \$7 billion in total funding toward creating greater access to highspeed internet connectivity. The proposed broadband funding is a combination of federal funding (American Rescue Plan Act of 2021) and state monies over three years, although details on funding distribution are not yet available and will be released in future trailer bill language.

The Governor’s May Revision notes investments will be made to expand broadband infrastructure, increase affordability, and enhance access to broadband for all Californians. Specifically, the Governor’s May Revision proposes to create a new \$500 million Loan Loss Reserve Account to assist local government, tribes, and non-profits in securing private financing for new municipal fiber networks. In addition, \$500 million in federal funding will be made available to expand affordable telephone and broadband service to rural areas, presumably through existing programs such as the California Public Utilities Commission’s High-Cost Fund-A and High-Cost Fund-B. The Governor’s May Revision also proposes to infuse the California Advanced Services Fund with one-time federal funds to incentivize construction of “last-mile” connections to unserved households.

The Governor’s May Revision outlines the Newsom Administration’s commitment to build out a statewide “middle mile” network to create new opportunities for municipal fiber networks. This is consistent with RCRC’s advocacy efforts requesting a fully-funded state broadband infrastructure, including middle mile and fiber-to-the-home connections for all Californians.

Additional funding for broadband access is provided by a proposed increase of \$35 million in one-time General Fund monies to collaborative partnerships of local education agencies, regional libraries, and telehealth providers to expand broadband access to isolated and under-served communities and leverage available federal funds through the E-Rate Program. Also, \$6 million in additional one-time General Fund is proposed to support the Broadband Connectivity Initiative for increased broadband capacity and equipment grants. Both proposed funding amounts will be available through 2024-25.

The Governor’s May Revision states that internet connection speed “below 100 Mbps is not enough....” While significant detail on the manner of funding is needed, the Governor’s May Revision is clear that providing highspeed broadband to rural and unserved areas is a priority and is worthy of additional and significant investment.

## **California Environmental Protection Agency**

**Department of Toxic Substances (DTSC) Control Governance Reform and Fee Increases.** The Governor's January proposed Budget proposed significant changes to improve the governance of and increase funding for DTSC. In recent years, DTSC has suffered from a structural budget deficit and operational challenges that impact the timeliness of its permit decisions and jeopardize the future clean-up of contaminated sites.

DTSC's proposal will significantly increase costs for local governments to administer local used oil and household hazardous waste collection programs and contaminated site remediation. The Governor's May Revision maintains those program changes and asks for additional staff to ensure that California's hazardous waste programs comply with the federal Resource Conservation Recovery Act.

RCRC supports efforts to improve DTSC governance and increase its funding so it can effectively perform its responsibilities. At the same time, RCRC has been working with many other stakeholders to urge DTSC to retain important fee exemptions for local government operations, since these programs provide vital public services, may be difficult for smaller rural jurisdictions to absorb, and could result in an increase in the illegal disposal of hazardous waste. DTSC announced they will release a revised trailer bill in the next few weeks, which may include some of the changes suggested by RCRC and others.

**Contaminated Site Clean-up.** The Governor's January proposed Budget included \$300 million to expedite the clean-up of contaminated properties throughout the state. The Governor's May Revision proposes an additional \$200 million for these purposes; however, the Governor seeks to condition appropriation of those funds on approval of the DTSC governance and fiscal changes referenced above.

RCRC acknowledges the need for additional funding to remediate legacy contaminated sites and brownfield sites, many of which are located in rural areas. RCRC is supportive of efforts to expedite the remediation of legacy and orphan contaminated sites and putting those properties back into productive use. It was previously unclear whether this funding would have been devoted to cleaning up the community surrounding the former Exide battery recycling facility in the City of Vernon (Los Angeles County) or on other projects throughout the state. While some level of ambiguity remains, the Governor's May Revision proposes to direct an additional \$291 million from the General Fund to clean-up the surrounding community and \$132 million for clean-up of the abandoned facility.

**Solid Waste Management and Recycling.** The Governor's May Revision proposes investing \$130 million from the General Fund to help achieve the state's solid and organic waste recycling goals, including through the development of infrastructure to meet those needs.

In particular, the Governor's May Revision proposes:

- \$55 million in grants to build or expand composting and anaerobic digester facilities to increase organic waste recycling capacity.

- \$50 million (Climate Catalyst Fund) to provide low-interest loans for businesses to increase recycling and reuse of waste materials in California.
- \$15 million in grants for research, development, feasibility, and pilot phases of recycling technology projects.
- \$5 million for food waste prevention projects in disadvantaged communities.
- \$5 million to create and expand community composting projects in disadvantaged communities.
- Establishing a new Office of Innovation in Market Development and Remanufacturing to identify and support businesses focused on recycling and remanufacturing.

Adopted late last year, the Department of Resources Recycling and Recovery's (CalRecycle) new Senate Bill 1383 Organic Waste Recycling Regulations require local governments to adopt sweeping new programs to divert 75 percent of organic waste from landfills by 2025 and to increase edible food recovery 20 percent over that period. These investments will help the state achieve its solid and organic waste diversion goals; however, the \$130 million proposed is far short of the \$20-\$40 billion that it will cost to implement the SB 1383 regulations over the next decade.

RCRC has long-advocated for significant state funding to help locals implement the new organic waste recycling regulations and develop the infrastructure needed to recycle organic waste, paper, cardboard, plastic, and other commodities. This year, RCRC, the California State Association of Counties, and the League of California Cities, submitted a joint budget request asking for \$225 million in grants to help local governments develop and begin implementation of SB 1383 organic waste recycling programs. Based upon that request, the Senate's Greenhouse Gas Reduction Fund Cap-and-Trade expenditure proposal proposes devoting \$200 million to local implementation assistance.

### **Resources**

**Climate Resilience.** In recent months, the Newsom Administration has focused several efforts on climate resilience including a plan to conserve 30 percent of the state's lands and coastal waters by 2030. The Governor's May Revision begins a proposed investment of \$1.3 billion dollars over multiple years with \$784 million in 2021-22 for projects and programs to support communities facing the impacts of climate change.

**Heat Resilience:** The Governor's May Revision proposes \$350 million over two years to support vulnerable communities where extreme heat impacts are the most threatening. The funds will support projects for urban greening, deployment of low global warming potential appliances in low-income households, and supporting strategic greening of new near-zero emission buildings.

**Sea Level Rise:** The Governor's May Revision allocates \$211.5 million over two years to coast wetland restoration projects and increasing coastal resilience of State Parks to advance coastal resilience as outlined in the State Parks Sea Level Rise Adaptation Strategy.

**Community Resilience:** The Governor's May Revision includes \$495 million in investments over three years to support the Strategic Growth Council's Transformative

Climate Communities Program, as well as the Regional Climate Collaboratives program, Environmental Justice Initiative, and Climate Adaptation and Resilience Planning Grants, which support local and community participation in and development and implementation of resilience plans and associated projects.

**Energy Infrastructure, Conservation, and Biomass Projects.** The Governor's May Revision proposes major General Fund expenditures in the energy generation and transmission arena. In light of massive power outages last year and the state's ambitious clean energy goals, the May Revision proposes, among other things:

- \$350 million for pre-commercial long-duration energy storage projects to capture clean energy generated during the day for use in evening hours when renewable energy generation dips.
- \$250 million for industrial energy efficiency investments.
- \$125 million for energy conservation projects at food production facilities.
- \$50 million to create a regional pilot program in the Sierra Nevada to use fuels generated from forest health and fire prevention projects in a biomass gasification facility to produce biogas or hydrogen.
- \$35 million for resource and transmission planning to build out clean energy generation resources.
- \$20 million for offshore wind energy development.

**Wildfire and Forest Resilience Expenditure Plan.** Wildfire has become the most urgent natural disaster facing California, with California experiencing its most devastating and destructive wildfire season in modern history in 2020. The Governor's May Revision builds upon \$536 million in early action allocations in April 2021 with an additional \$708 million for a total of \$1.24 billion to fund various portions of the newly released Wildfire and Forest Resilience Action Plan (Plan) developed by the Governor's Forest Management Task Force. Plan components include:

Resilient Forests and Landscapes: The Plan includes an additional \$373 million to enhance wildfire resilience through forest thinning, reforestation, and prescribed fire. Programs will include grants for forest health projects, as well as support for small landowners, urban forestry, and funding for state conservancies such as the Sierra Nevada Conservancy to implement projects in high fire risk regions.

Wildfire Fuel Breaks: The Department of Forestry and Fire Protection (CAL FIRE), the California Conservation Corps, and the Department of Conservation (DOC) will receive an additional \$235 million to complete 45 to 60 strategic fuel break projects each year over the next several years, building on the Governor's 35 fuel treatment projects in 2019. This includes fortifying DOC's Regional Forest and Fire Capacity program.

Community Hardening: Recognizing the need to provide assistance for homeowners in high fire risk communities, the Plan will include an additional \$15 million to boost defensible space inspections and public education outreach to homeowners to help ensure that residents are preparing for wildfires in fire-prone communities.

**Forest Sector Economic Stimulus:** The Plan provides an additional \$51 million for investments in wood products markets to help create incentives for private forestland management, including the establishment of a low-interest lending program through the Climate Catalyst Fund, as well as investments in forest sector workforce development.

**Science-Based Management:** The Plan will augment the state’s wildfire research and monitoring capabilities through an additional \$36 million allocation to support long-term forest health and restoration goals.

**Complete Proposed Wildfire and Forest Resilience Expenditure Plan  
Including Early Action  
(Dollars in Millions)**

Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total
Resilient Forests & Landscapes	CAL FIRE	Forest Health Programs	\$155	\$100	\$255
		Forest Improvement Program for Small Landowners	\$10	\$40	\$50
		Forest Legacy & Restoration Nursery	\$8	\$17	\$25
		Urban Forestry	\$10	\$13	\$23
		Tribal Engagement	\$1	\$19	\$20
	State Parks, Fish & Wildlife and State Lands Commission	Stewardship of State-Owned Land	\$30	\$123	\$153
	Sierra Nevada & Tahoe Conservancies	Project Implementation in High-Risk Regions	\$21	\$61	\$82
Wildfire Fuel Breaks	CAL FIRE	CAL FIRE Unit Fire Prevention Projects	\$10	\$40	\$50
		Fire Prevention Grants	\$123	\$80	\$203
		Prescribed Fire & Hand Crews	\$15	\$35	\$50
	California Conservation Corps	Forestry Corps & Fuel Reduction Projects	\$0	\$20	\$20
	Department of Conservation	Regional Forest & Fire Capacity	\$50	\$60	\$110
Community Hardening	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$2	\$6	\$6
	CAL FIRE & University of California	Land Use Planning & Public Education Outreach	\$0	\$7	\$7
Science-Based Management	CAL FIRE	Ecological Monitoring, Research & Adaptive Management	\$3	\$17	\$20
	Natural Resources Agency	Remote Sensing	\$0	\$15	\$15

	Air Resources Board & Water Board	Permit Efficiencies	\$0	\$4	\$4
Forest Sector Economic Stimulus	iBank	Climate Catalyst Fund	\$16	\$33	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
<b>Totals</b>			<b>\$536</b>	<b>\$708</b>	<b>\$1,244</b>

**Capital Improvement Projects in RCRC Counties.** The Governor’s May Revision includes many additional capital outlay projects in RCRC member counties beyond what was originally proposed in the Governor’s January proposed Budget.

Water and Energy Projects:

- \$220 million for habitat and dust suppression projects at the Salton Sea (Imperial and Riverside Counties).
- \$200 million for improvements to operate a pumped water energy storage project at Oroville Reservoir (Butte County).
- \$200 million for repair projects to mitigate the impacts of subsidence and increase conveyance capacity and operational flexibility of the Friant-Kern Canal, Delta-Mendota Canal, and portions of the California Aqueduct.
- \$5.7 million for rehabilitation projects at Clear Lake (Lake County).

Department of Corrections and Rehabilitation:

- \$20 million for facility modifications and to expand rehabilitative programming at Valley State Prison (Madera County).
- \$9 million for energy efficiency projects at California State Prison, Centinela (Imperial County).
- \$1.3 million for renovations at California Men’s Colony (San Luis Obispo County).
- \$1 million to replace a chiller at Mule Creek State Prison (Amador County).

Court Facilities:

- \$158 million for deferred maintenance projects in trial and appellate courts statewide.
- \$38 million for acquisition and performance criteria phases of a \$154 million project to build a new 7-room courthouse at Fort Ord (Monterey County).
- \$604,000 million for preliminary plans and working drawings for a \$3.4 million project to expand court space and renovate the existing Butte County Juvenile Hall (Butte County).

Military Department:

- \$75,000 for roof replacement of the Chico Armory’s supply building (Butte County).
- \$800,000 for roof replacement and other deferred maintenance projects at the El Centro Armory (Imperial County).
- \$770,000 for security fencing, paving, lighting, and HVAC work at the Hollister Armory (San Benito County).

- \$250,000 for security fencing at the Madera Armory (Madera County).
- \$250,000 for security fencing at the Redding Armory (Shasta County).
- \$125,000 to repair motor pool gates at the Seaside Armory (Monterey County).
- \$175,000 for perimeter fencing at the Yuba City Armory (Sutter County).

Department of Parks and Recreation:

- \$7 million for construction costs as part of a \$33 million project to build a new 110-campsite campground and create day-use beach access at the Fort Ord Dunes State Park (Monterey County).
- \$387,000 for preliminary plans as part of a \$2.8 million project to upgrade the power system at Picacho State Recreation Area (Imperial County).
- \$47,000 for working drawings as part of a \$1.1 million project to replace the Le Sage Bridge at Oceano Dunes State Vehicular Recreation Area (San Luis Obispo County).

California Highway Patrol (CHP):

- \$7 million for maintenance projects at the CHP Academy (Yolo County).
- \$100,000 to replace the roof at the CHP Gold Run facility (Placer County).
- \$145,000 to replace the roof at the CHP Templeton facility (San Luis Obispo County).
- \$15,000 to fix water damage at the CHP Clear Lake facility (Lake County).
- \$20,000 to repair the roof at the CHP Calexico Commercial Vehicle Enforcement Facility (Imperial County).
- \$80,000 to replace/refurbish water tanks at the CHP Winterhaven facility (Imperial County).
- \$40,000 to replace the HVAC auto bay at the CHP Ukiah facility (Mendocino County).
- \$50,000 to repair inspection bay ventilation at the CHP Chowchilla River Commercial Vehicle Enforcement Facility (Merced County).

Department of State Hospitals:

- \$30 million for roof and air handling unit replacement at the Atascadero State Hospital (San Luis Obispo County).
- \$15 million for roof replacement, insulation, HVAC improvements, and fall protection modifications at Napa State Hospital (Napa County).

Other:

- \$15.4 million to relocate the Red Mountain Communications Site (Del Norte County).
- \$3.9 million for installation of automatic fire sprinklers at the Porterville Developmental Center (Tulare County).
- \$1.4 million in additional funding for stormwater system upgrades at the Argonaut Mine (Amador County).
- \$600,000 for elevator renovations at the Veterans Home of California – Yountville (Napa County).

**California Department of Fish and Wildlife (CDFW).** The Governor’s May Revision continues to fund CDFW’s implementation of a “Service Based Budget,” as mandated by statute (2018). This mandate requires CDFW to provide a final report by January 2021 on implementing a service-based budget. In accordance with the recommendations of the January 2021 final report, the Governor’s May Revision includes nearly \$81 million in one-time expenditures, on top of \$41.8 million in one-time expenditures already in the Governor’s January proposed Budget, for investments in department equipment, technology, clearing deferred maintenance, and new temporary and permanent staffing.

The Governor’s May Revision also identifies several new proposed programs or areas of spending on top of priorities already detailed in the Governor’s January proposed Budget. The Governor’s May Revision incorporates several of those priorities, including proposed funds for hatchery operations, vegetation mapping, fishing and hunting licenses modernization, and human-wildlife conflict response.

Endangered Species Protection: The Governor’s May Revision includes \$53.8 million over five years to protect endangered species within California.

Wildlife Health and Injury Care: The Governor’s May Revision includes \$350,000 to establish a Wildlife Health Laboratory to address health and injury care for wildlife in California.

New Protected Lands Stewardship staff positions: The Governor’s May Revision includes \$7.5 million over five years for increased protection and program implementation of lands and facilities that are state-managed. Priorities will include native wildlife conservation, threatened and endangered species conservation, sensitive habitat protection, and recreation.

Drift Gillnet Program: The Governor’s May Revision includes \$1.3 million for payments to voluntary participants in the state Drift Gill Net Transition Program, as required by Senate Bill 1017 (2018).

Fishing and Hunting Licenses Modernization: The Governor’s May Revision includes \$750,000 to improve and modernize the state’s technology platform, including a mobile phone application for displaying active licenses.

Gray Wolf Conflict Program: The Governor’s May Revision proposes \$3 million to support CDFW to set up a gray wolf depredation compensation program for livestock producers adversely affected by the return of this predator, which is protected under the California Endangered Species Act. These wildlife conflicts are particularly acute in Lassen County, prompting the Lassen County Board of Supervisors to pass a resolution in late 2020 requesting a legislative/budgetary solution.

Deferred Maintenance: The Governor’s May Revision includes \$15 million to address a backlog of deferred maintenance projects on state-owned lands and facilities.

**Department of Parks and Recreation.** The Governor’s January proposed Budget included over \$80 million to bolster visitor access to state parks and to improve state park infrastructure. This includes \$12.7 million from the Cannabis Tax Fund to the California Natural Resources Agency to support the Youth Community Access Grant Program, as well as \$6.3 million from the General Fund and \$6.3 million in one-time federal reimbursements to provide state match dollars to leverage increased federal funding from the federal Land and Water Conservation Fund.

The Governor’s May Revision adds to the proposed Department of Parks and Recreation budget by allocating \$185 million in one-time expenditure for deferred maintenance projects.

**Emergency Preparedness and Response.** California once again faced devastating wildfire conditions throughout 2020, underscoring the need to bolster state and local emergency response capabilities. The Governor’s May Revision not only makes substantial allocations to state response agencies, but further boosts resources available to aid local governments with emergency response.

California Department of Forestry and Fire Protection (CAL FIRE): The Governor’s May Revision includes \$38.9 million one-time General Fund to further augment resources for CAL FIRE to continue bolstering wildfire response capabilities. The additional funding will support the staffing of three California National Guard crews for a total of thirteen fire crews from July through December, and will continue staffing eight additional CAL FIRE crews that began in April 2021.

Community Hardening to Build Disaster Resilient Communities: The Governor’s May Revision provides \$250 million to establish a new initiative, “Prepare California,” designed to develop disaster-resistant communities through multi-organizational partnerships. Modeled on a successful Federal Emergency Management Agency program, Prepare California would be implemented to build statewide resiliency and education for all hazards including earthquakes and wildfires through community hardening programs. The program also proposes to pay up to 100 percent of local government cost-share for participating in the federal mitigation program.

California Office of Emergency Services (CalOES): The Governor’s May Revision proposes an additional \$98.4 million to the CalOES for personnel to address the more frequent emergencies and disasters occurring across California each year. This funding will establish a permanent Incident Support Team, support long-term recovery efforts and future disaster mitigation, establish a new Office of Equity, and better track disaster costs and reporting.

California Disaster Assistance Act (CDAA): The Governor’s May Revision includes an additional \$100 million one-time General Fund increase in the amount of funding available through the California Disaster Assistance Act. This increase brings the total CDAA funding available in 2021-22 to \$162.6 million. CDAA funds can be accessed by local governments in the wake of a gubernatorial emergency proclamation after events such as catastrophic wildfires and mudslides to cover associated emergency response costs.

Investment in Community Resilience Centers Including Fairgrounds: The Governor's May Revision provides \$150 million in one-time General Fund for the Department of Food and Agriculture to support the enhancement of community resilience centers. This funding would be available to improve local fairgrounds and other community facilities to bolster the state's emergency preparedness capabilities and could be used to support infrastructure for emergency evacuation, shelter, base camps for emergency events, and critical deferred maintenance. Other infrastructure uses could include cooling and heating centers, clean air centers, and extended emergency evacuation response centers. RCRC has consistently advocated for funding for the enhancement of fairgrounds and will continue to support and encourage the state to increase funding for local fair facilities.

Wildfire Forecast and Threat Intelligence Integration Center (Center): The Governor's May Revision allocates \$7.4 million to establish a Wildfire Forecast and Threat Intelligence Center pursuant to the provisions of Senate Bill 209 (Dodd, 2019). The Center will provide intelligence and data regarding wildfire threats to government agencies as well as serve as a centralized hub for wildfire forecasting, weather analysis, threat intelligence gathering and analysis.

Regional Hazardous Materials Response: The Governor's January proposed Budget allocates \$3.6 million for regional hazardous materials emergency response, including fortifying the state's 12 Regional Hazardous Materials Response teams.

**Agriculture.** The Governor's May Revision proposes significant new spending in climate-smart agriculture, water use efficiency programs, technical training programs, and food and nutrition programs. These funds would be in addition to over \$250 million in funds already proposed in the Governor's January proposed Budget, which would include:

- \$170 million (over two years) from Greenhouse Gas Reduction Fund proceeds into the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) program, for funding the replacement of agricultural equipment and vehicles with cleaner alternatives
- \$30 million (over two years) for the state's Healthy Soils Program at CDFA
- \$50 million to the state infrastructure bank (IBank) to provide climate-smart agriculture loans for on-farm projects to reduce methane emissions (bioenergy), to increase water efficiency, and to help improve soils

In addition to the funds proposed in the Governor's January proposed Budget, the Governor's May Revision would expend an additional \$530 million for the following programs:

Funding Agricultural Replacement Measures for Emissions Reductions: The Governor's May Revision includes an additional \$193 million, over two years, on top of \$170 million from the Greenhouse Gas Reduction Fund (\$90 million from current 2020-21 budget year cap-and-trade auction proceeds, and \$80 million from expected 2021-22 budget year auction proceeds) for the California Air Resources Board programs that fund the replacement of agricultural equipment and vehicles with cleaner alternatives.

Williamson Act: The Governor's May Revision does not provide adequate funding for the Open Space Subvention Program; however, it is anticipated that the final 2021-22 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.

Given the on-going reluctance of the Legislature and several Administrations to fund Williamson Act subventions, discussions relative to changes to the Williamson Act continue. RCRC remains committed to working with agricultural, environmental, and local governmental organizations to explore sources of sustainable funding, as well as potential changes to the program itself.

Healthy Soils Program: The Governor's May Revision includes an additional \$70 million on top of an already proposed \$30 million over two years (from Greenhouse Gas Reduction Fund auction proceeds) to the Department of Food and Agriculture to provide grants for on-farm soil management practices that sequester carbon.

Alternatives to Agricultural Burning: The Governor's May Revision includes \$150 million to support alternatives to agricultural burning in the Central Valley, assisting growers to comply with new regional air quality rules phasing out agricultural burning by 2025.

Livestock Methane Reduction: The Governor's May Revision includes \$60 million to reduce methane emissions in dairy and livestock through digester and related infrastructure.

Pollinator Habitat Program: The Governor's May Revision includes \$30 million for pollinator habitat and forage on agricultural lands.

Food and Nutrition Programs: The Governor's May Revision proposes over \$67 million in new, one-time spending for various food and nutrition programs, including for the popular Farm-to-School program (\$20 million), urban agriculture programs (\$12 million); the state nutrition incentive program (\$15 million); refrigeration equipment grants to food deserts (\$20 million); as well as other funding priorities.

Economic Incentive Programs: Combined, the Governor's January proposed Budget and the Governor's May Revision propose \$55 million for agricultural assistance and food processing vocational programs, including nearly \$9 million for technical assistance funding to underserved growers, \$10 million for new farmer and farm manager training, and \$30 million for the Fresno-Merced Future of Food Innovation Initiative.

**Water Infrastructure and Drought.** The Governor's May Revision proposes over \$5 billion in new water infrastructure and drought management spending. This is on top of over \$300 million already proposed in the Governor's January proposed Budget to implement the administration's Water Resilience Portfolio, and to support local agency projects for reliability and resilience.

More specifically, the Governor's May Revision proposes approximately \$3 billion in safe drinking water and water supply infrastructure spending, and nearly \$1 billion in

emergency and near-term spending to respond to regional and local drought conditions. The Governor's May Revision also proposes nearly \$700 million for habitat preservation for aquatic systems and wildlife impacted by drought.

The Governor's May Revision also proposes to move up certain expenditures for early action that were originally proposed in the Governor's January proposed Budget for 2021-22 disbursement, including the \$20 million originally proposed for the State Water Efficiency and Enhancement Program, and \$30 million for Sustainable Groundwater Management Act (SGMA) implementation. The Governor's May Revision adds additional tens of millions to both programs for early action spending and for continued implementation over coming budget years.

Sustainable Groundwater Management Act (SGMA): The Governor's May Revision proposes an additional \$200 million for local SGMA implementation. By contrast, the Governor's January proposed Budget proposed \$50 million dollars a year for the program, over two years. The Governor's January proposed Budget included \$30 million to Department of Water Resources for local planning grants, including Groundwater Sustainability Plans, and for groundwater implementation projects across critically over-drafted basins. It is unclear how much of the additional proposed \$200 million will go to local planning and technical assistance.

Flood Management and Delta Resilience: The Governor's May Revision retains key flood and delta infrastructure items from the Governor's January proposed Budget, including \$183 million for flood risk mitigation, ecosystem restoration, watershed resilience and infrastructure improvement programs and \$43.7 million for Delta ecosystem and habitat projects that improve water quality or ecological conditions in the San Joaquin River and within the Delta.

Salton Sea: The Governor's May Revision proposes \$220 million for habitat and dust suppression projects in the Salton Sea region, pursuant to the Salton Sea Management Plan.

Water Conveyance Infrastructure: The Governor's May Revision includes \$200 million for major water conveyance infrastructure in the Central Valley that has been impacted by subsidence and other natural forces. Targeted infrastructure includes the Friant-Kern Canal, the San Luis Canal, and the California Aqueduct.

Multipurpose Land Repurposing: The Governor's May Revision includes \$500 million to the Department of Conservation for multipurpose land repurposing for agriculture-producing lands that have been made fallow or are converted because of diminished irrigation supply.

### **COVID-19 Economic Recovery**

**California Comeback Plan.** The Governor's May Revision includes an economic recovery package to assist individuals and small businesses recovering from the pandemic. The package totals \$100 billion, including \$12 billion in direct payments to Californians, \$12 billion for homelessness, \$20 billion to schools, \$5 billion for drought and water infrastructure, and \$1.5 billion for small business grants.

Golden State Stimulus: Included in the Governor's May Revision is immediate relief to middle class and low-income households through a Golden State Stimulus tax refund. The stimulus program would refund \$600 to all taxpayers who make up to \$75,000 a year who did not receive a check from the first round of relief funds, an additional \$500 to families with dependents, and \$500 in direct payments to undocumented families.

Renter Assistance: The Governor's May Revision reflects a combined \$5.2 billion in federal funds for low-income renters impacted during the pandemic to cover their back-rent. In addition, the proposal contains \$2 billion to pay down unpaid water and electrical utility debt that has accrued from ratepayers being unable to pay their utility bills during the pandemic. This expenditure is anticipated to provide relief for the ratepayers who were unable to pay their utility bills, avoid cost-shifting, and improve the solvency of the utilities themselves.

Small Business Relief: The Governor's May Revision builds upon previous early budget actions with an additional \$1.5 million in COVID-19 relief grants bringing the fiscal year 2021-22 investment to \$4 billion.

CalCompetes Tax Credit: The Governor's January proposed Budget increased the business tax credits available by \$90 million in both 2020-21 and 2021-22 for a total of \$270 million. The Governor's May Revision increases the tax credit to \$360 million and establishes a \$250 million CalCompetes grant program to incentivize businesses to relocate to California. The Governor's May Revision proposes a \$30 million one-time expansion of the film credit in the fiscal year 2021-22 for productions that relocate from other jurisdictions.

California Tourism: The Governor's May Revision includes \$95 million one-time federal American Rescue Plan Act of 2021 (ARPA) funds in 2021-22 to implement strategic media recovery campaigns that will jump-start the recovery of the travel and tourism industry once it is safe to travel.

Workforce Development: The Governor's January proposed Budget included \$25 million in early action workforce development programs. The Governor's May Revision builds on this investment by including an additional \$160 million to expand existing workforce programs. In addition, the Governor's May Revision includes \$750 million of ARPA funds to support regional and local stakeholder collaboratives to plan and implement economic transition strategies, with a specific focus on supporting high road industries, quality job creation, and workforce strategies in those sectors or regions most affected by the State's transition to carbon neutrality.

### **General Government**

**Animal Shelter Grant Program.** The Governor's May Revision includes \$45 million one-time General Fund for the University of California, Davis' Koret Shelter Medicine Program to develop a grant program for animal shelters. This funding would enable the program to provide expertise, support, and local assistance over a five-year period to help communities achieve the state's policy goal that no adoptable or treatable dog or cat

should be euthanized. The Governor included \$50 million for the same program in his 2019 proposed Budget, however, the Legislature rejected the proposal.

**Cannabis.** 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 several 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.

Last year, the Governor proposed restructuring the state regulatory functions for commercial cannabis, but was interrupted by the COVID-19 pandemic and placed on hold until 2021. The Governor's January proposed Budget included \$153.8 million from the Cannabis Control Fund for implementation of the consolidation into a new stand-alone Department of Cannabis Control within the Business, Consumer Services, and Housing Agency on July 1, 2021. Currently, there are three licensing agencies: the 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). This move is expected to create a single point-of-contact for licensees and counties/cities, which are required to sanction cannabis activities. The Governor's May Revision builds on the Governor's January proposed Budget by creating a Deputy Director of Equity and Inclusion, a local jurisdiction grant program, and additional statutory changes to consolidate the agencies and make related improvements.

Cannabis Local Jurisdiction Assistance Grant Program: The Governor's May Revision includes a \$100 million in one-time General Fund to create a local jurisdiction assistance grant program for cannabis. The Local Jurisdiction Assistance Grant Program targets jurisdictions that have high numbers of provisional licensees across the supply chain, many of which were early adopters and are transitioning larger populations of legacy and equity operators into the regulated market. Funds are intended to aid locals in more expeditiously reviewing provisional licensee local requirements, notably those related to the California Environmental Quality Act, and can be passed through to licensees for things such as mitigation measures, including those related to water conservation. The funding that will be available to local jurisdictions is calculated based on provisional licenses issued by the state. In addition, the Governor's May Revision includes a \$9 million one-time General Fund investment to create a Sustainable California Grown Cannabis pilot program to develop best practices in water and energy use, pest management, fertilizer practices, and soil health.

Provisional Licenses: Under current statute, the provisional license program will sunset on January 1, 2022. The Governor's May Revision proposes allowing provisional licenses to be issued until June 30, 2022, makes explicit environmental compliance requirements necessary to attain and maintain a provisional license, mandates the Department of Cannabis Control to specify through regulation what progress is required to maintain a provisional license, and removes the sunset date, thereby allowing a provisional license to be maintained so long as the applicant is making measurable progress toward achieving annual licensure.

**Cannabis Tax:** The Governor’s May Revision adjusts the cannabis excise taxes projections to \$629 million in 2021-22, an increase of \$185.9 compared to the Governor’s January proposed Budget. In addition, the Governor’s May Revision updates the Cannabis Tax Fund allocations available in 2021-22 for youth education, prevention and treatment (\$377.5 million); clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation (\$12.8 million); and public safety-related activities (\$125.8 million).

### **Health and Human Services**

COVID-19 continues to have a significant impact on programs under the Health and Human Services Agency. The Governor’s May Revision assumes continued pandemic emergency response in conjunction with the Governor’s Office of Emergency Services (CalOES). The Governor’s May Revision includes \$207.7 billion (\$54.2 billion General Fund and \$153.5 billion other funds) for all health and human services programs (not all COVID-19 pandemic response costs are included in these numbers).

**Public Health.** Despite the state’s continued response to the pandemic, the Governor’s May Revision does not include funding for public health workforce or infrastructure. Instead, the Newsom Administration proposes to spend \$3 million for an assessment of the state’s public health emergency response to the pandemic. The Newsom Administration states that it “is committed to turning lessons learned and gaps identified into actionable policies to be presented as part of the 2022 Governor’s Budget.”

**Direct COVID-19 Emergency Response Expenditures:** California’s approximate COVID-19 emergency response costs total \$12.3 billion, which represents costs incurred in the prior fiscal year and projected costs in fiscal years 2020-21 and 2021-22. COVID-19 expenditures are primarily covered by federal funds and are estimated to have no net General Fund impacts. It is important to note the Department of Finance regularly updates these estimates. Local governments have received nearly \$3 billion in direct COVID-19 support.

**Federal Relief:** To address the effects of COVID-19, the federal government enacted federal stimulus bills with approximately \$600 billion in direct aid to California. Key provisions of these federal bills focus on emergency response, testing, contract tracing, health care, vaccination, and schools. The American Rescue Plan Act’s (ARPA) Coronavirus State Fiscal Recovery Fund appropriates \$350 billion to states, local governments, tribal governments, and territories to mitigate the fiscal effects stemming from the COVID-19 public health emergency. The Governor’s May Revision includes \$4.9 billion of the ARPA funds to address public Health impacts of COVID-19 impacts, including behavioral health impacts.

**Emergency Medical Services.** The Governor’s May Revision includes a one-time \$10 million General Fund investment for the Emergency Medical Services Authority (EMSA) for planning and readiness activities to establish a statewide emergency services data infrastructure that strengthens real-time information sharing and data analytics for the state and locals, emergency medical services providers, and health care providers.

The Governor's May Revision includes \$10.8 million for EMSA to store and maintain critical emergency equipment and medical supplies acquired during the pandemic, including staff resources to improve the on-boarding, deployment, and training for emergency medical responders.

### **Behavioral Health.**

Behavioral Health System for Children and Youth: The Newsom Administration is proposing to invest in a Children and Youth Behavioral Health Initiative (Initiative), which includes \$4 billion over five years, including \$2.3 billion one-time and \$300 million General Fund and certain federal matching funds on-going starting in 2022-23.

The goal is to transform California's behavioral health system for children and youth through age 25 into a world-class, innovative, and prevention-focused system where all children and youth are routinely screened, supported, and served for emerging and existing behavioral health needs. To realize this goal, the Governor's May Revision includes \$1 billion from the federal ARPA's Coronavirus State Fiscal Recovery Fund in 2021-22, \$1.7 billion (\$1.3 billion ARPA, \$300 million General Fund, and \$100 million Federal Trust Fund) in 2022-23, and \$431 million (\$300 million General Fund) on-going for the Children and Youth Behavioral Health Initiative.

Services developed under the Initiative will be provided to children and youth age 25 and younger, available statewide (in both commercial plans and Medi-Cal), evidence-based, culturally competent, and equity-focused. Services will address a broad and complex range of issues affecting mental and emotional well-being, including alcohol and other substance use, stress, trauma, grief, anxiety, and psychological disorders.

Behavioral Health Continuum Infrastructure Program: Funding is allocated to provide competitive grants to qualified entities to construct, acquire, and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources. The Governor's May Revision includes \$2.45 billion total funds over three years for the Behavioral Health Continuum Infrastructure Program, up from the \$750 million proposed in the Governor's January proposed Budget. Of this amount, a minimum of \$255 million total funds is available for increased infrastructure targeted to individuals age 25 and younger, and a minimum \$250 million General Fund is available for individuals with a serious mental illness who are deemed Incompetent to Stand Trial.

**Medi-Cal.** The Governor's May Revision adjusted the Medi-Cal budget from \$122.2 billion in the Governor's January proposed Budget to \$123.8 billion (\$27.6 billion General Fund) in 2021-22. The Governor's May Revision estimates caseload will increase 6.1 percent from 2020-21 to 2021-2022. Medi-Cal is projected to cover approximately 14.5 million Californians in 2021-22, over one-third of the state's population.

California Advancing and Innovating Medi-Cal: The Governor's May Revision includes initiatives to enhance the California Advancing and Innovating Medi-Cal (CalAIM) proposal included in the Governor's January proposed Budget. CalAIM, builds upon the waiver demonstration programs such as Whole Person Care, the Coordinated Care Initiative, Health Homes, and public hospital system delivery transformation. The

Governor's May Revision includes \$315 million (\$31.5 million General Fund) to provide population health management services that would centralize administrative and clinical data from the Department, health plans, and providers. In addition, the Governor's May Revision includes \$16.3 million (\$6.2 million General Fund), increasing to \$201 million (\$76 million General Fund) by 2026-27, to add community health workers to the class of health workers who can provide benefits and services to Medi-Cal beneficiaries.

COVID-19 Medi-Cal Impacts: The Governor's May Revision assumes decreased expenditures in the Medi-Cal program of approximately \$1 billion General Fund compared with the Governor's January proposed Budget. Most of the current year decrease results from lower-than-expected COVID-19-related caseload costs and a one-time draw-down of retroactive federal funds associated with state-only populations.

Telehealth Audio-Only Visits: As part of the Newsom Administration's proposal to extend telehealth flexibilities utilized during the pandemic, the Department of Health Care Services (DHCS) will establish rates for audio-only telehealth that are set at 65 percent of the Medi-Cal rate for the service rendered in fee-for-service, and comparable alternative to prospective payment system rates for clinics to maintain an incentive for in-person care. Only providers located in California or border communities that are able to provide in-person services to each client served by audio-only telehealth can claim Medi-Cal reimbursement for the service. DHCS will consult with subject matter experts to establish utilization management protocols for all telehealth services prior to implementation of post-pandemic telehealth services.

County Administration: The Governor's May Revision includes one-time funding of \$73 million (\$36.5 million General Fund) in each of 2021-22 and 2022-23 to resume annual Medi-Cal redeterminations upon conclusion of the federal public health emergency and continuous coverage requirement.

Proposition 56 Supplemental Payment Programs: The General Fund partially supports supplemental payment programs now that costs exceed the revenue generated by the declining tobacco tax. The Governor's May Revision proposes eliminating suspensions for Proposition 56 supplemental payment increases resulting in a cost of approximately \$550 million on-going.

**Department of Social Services (DSS).** DSS's major programs include the California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare Services, Community Care Licensing, and Disability Determination. Effective July 1, 2021, childcare and nutrition programs will transition from the California Department of Education (CDE) to DSS. The Governor's May Revision includes \$42.2 billion (\$14.7 billion General Fund) for DSS programs in 2021-22.

**In-Home Supportive Services.** The Governor's May Revision projects an updated IHSS program cost from \$16.5 billion to \$17.2 billion (\$5.5 billion General Fund) in 2021-22 with an average monthly caseload estimated at 590,293.

IHSS State and County Sharing Ratio: Earlier this year, RCRC joined the California State Association of Counties and other local government partners in submitting an IHSS collective Bargaining Budget Proposal. Under current law, counties and the state share the nonfederal cost for locally negotiated increases to wages and health benefits for IHSS providers. Counties are responsible for 35 percent of the nonfederal share, and the state participates in 65 percent of the nonfederal share of the cost for increases up to the state participation cap, which is set at \$1.10 above the state minimum wage. For increases above that amount, the county is responsible for 100 percent of the nonfederal share. This cost-sharing ratio is set to expire on January 1, 2022, which would result in counties becoming responsible for 65 percent of the nonfederal share. The Governor included the coalition's IHSS proposal in his May Revision to continue the 65 percent state and 35 percent county sharing ratio and the 10 percent over three years option. The Governor's May Revision estimates increased state costs of \$57.3 million General Fund in 2021-22 and \$123.8 million on-going General Fund to reflect this change.

IHSS 7 Percent Suspension: The Governor's May Revision proposes eliminating the IHSS 7 percent reduction in service hours, resulting in a cost of approximately \$248 million General Fund in 2022-23 and \$496 million on-going General Fund.

**California Work Opportunity and Responsibility to Kids (CalWORKs).** The Governor's May Revision includes \$8.5 billion for CalWORKs program expenditures and \$1.7 billion in other programs. In addition, the Governor's May Revision contains a 5.3 percent increase to CalWORKs Maximum Aid Payment levels, which is estimated to cost \$142.9 million in 2021-22.

Family Reunification CalWORKs Assistance Payment: The Governor's May Revision includes \$8.7 million General Fund in 2021-22 and on-going for counties to continue providing CalWORKs services for no more than 180 days when a child has been removed from the home and is receiving out-of-home care.

Universal Basic Income Pilot: The Governor's May Revision includes \$35 million General Fund over five years for Universal Basic Income pilot programs. These pilot programs would be city or county administered, require a local-match commitment, and shall target low-income Californians.

**Child Welfare Services.** The Governor's May Revision includes \$1.1 billion General Fund in 2021-22 for services to children and families, totaling \$9.3 billion when combined with federal and 1991 and 2011 Realignment funds.

The Governor's May Revision includes \$122.4 million General Fund one-time in 2021-22 to be expended over three years to assist counties with new prevention services implementation efforts allowable under the new federal Family First Prevention Services Act. In addition, the Governor's May Revision allocates \$7.1 million General Fund for Continuum of Care Reform Reconciliation related to county Child and Family Teams actual expenditures for fiscal year 2018-19.

**Office of Statewide Health Planning and Development.** The Governor’s May Revision proposes to rename the Office the Department of Health Care Access and Information and includes \$6.3 million in 2021-22 and \$3.9 million in 2022-23 and on-going from various funds to recast the Office as a department to support the state’s health care workforce.

### **Aging Issues.**

**Older Adult Recovery and Resiliency:** The Governor’s May Revision proposes a \$106 million General Fund investment available over three years to strengthen older adults’ recovery and resilience from isolation and health impacts caused by the pandemic. This investment will increase service levels of existing programs based on local need, including Senior Nutrition, Senior Legal Aid, Home Modifications and Fall Prevention, Behavioral Health Friendship Line, Senior Digital Assistance, Family Caregiver Support, Senior Employment Opportunities, Elder Abuse Prevention, and Aging & Disability Resource Connection.

**CalFresh Expansion Older Adult Outreach:** The Governor’s May Revision includes \$2 million (\$1.1 million General Fund) on-going for the Department of Aging to continue CalFresh Expansion outreach efforts to older adults.

**Alzheimer’s Augmentation:** Building on investments proposed in the Governor’s January proposed Budget, the Governor’s May Revision includes \$12.5 million General Fund one-time to address Alzheimer’s in California. These investments include \$5 million for public awareness, \$2.5 million for standards of care, and \$5 million for geriatric workforce development.

### **Homelessness**

**Project Homekey.** The Governor’s May Revision includes an additional \$2.75 billion in one-time funding over two years for the additional acquisition and rehabilitation of facilities through the Project Homekey program. Of this amount, \$1 billion will be specifically targeted to families experiencing homelessness or at-risk for being homeless. The Governor’s January proposed Budget provided \$750 million to fund continued expansion of the Project Homekey program, for a total of \$3.5 billion in proposed funding. The Project Homekey program provides funding to local jurisdictions to acquire and convert unused hotels and motels into permanent housing for individuals and families experiencing homelessness.

**Challenge Grants and Technical Assistance.** The Governor’s May Revision includes \$40 million one-time General Fund available over five years for the Homeless Coordinating Financing Council to provide grants and technical assistance to local jurisdictions to develop action plans that will address family homelessness and move the state closer to attaining “functional zero” family homelessness.

**Project Roomkey.** The Governor’s May Revision includes \$150 million one-time General Fund to support the stability of the state’s Federal Emergency Management Agency-funded non-congregate shelter population and transition of individuals from Project Roomkey into permanent housing following the September 2021 sunset of the federal reimbursement availability from the pandemic.

**Home Safe.** The Governor’s May Revision includes \$100 million General Fund annually through 2022-23 for the Home Safe program to provide access to health, safety, and housing support for individuals involved in or at risk of involvement in Adult Protective Services.

**Supportive Services for Formerly Homeless Veterans.** The Governor’s May Revision includes \$25 million one-time General Fund for the California Department of Veterans Affairs to administer a competitive grant program to support aging veterans and veterans with disabilities who have experienced chronic homelessness.

**Encampment Resolution Grants.** The Governor’s May Revision includes \$50 million one-time General Fund for the Homeless Coordinating and Financing Council to partner with local governments and assist them with resolving critical encampments and transitioning individuals into permanent housing.

**California Department of Transportation (Caltrans) Encampment Coordinators.** The Governor’s May Revision includes \$2.7 million one-time General Fund for Caltrans’ Encampment Coordinators to mitigate safety risks at encampments on state property and to coordinate with the Homeless Coordinating and Financing Council and local partners to connect individuals experiencing homelessness to services and housing.

**Homeless Coordinating and Financing Council.** The Governor’s May Revision includes \$5.6 million one-time General Fund for the Homeless Coordinating and Financing Council to conduct an assessment of local homelessness service providers and state funded homelessness programs. The assessment will provide a detailed view of the range of services and strategies that are utilized at the local level and help determine if state investments are aligned with local homelessness response systems.

### **Housing and Land Use**

**Affordable Housing.** The Governor’s May Revision includes \$1.75 billion in one-time federal funding (American Rescue Plan Act of 2021 (ARPA)) to the Housing and Community Development Department to support shovel-ready affordable housing projects.

**Accessory Dwelling Unit Financing.** The Governor’s May Revision includes \$81 million one-time federal funds (ARPA) to expand the California Housing Finance Agency’s accessory dwelling unit (ADU) program to inject a total of \$100 million in available financing for ADUs.

**Construction Apprenticeships.** The Governor’s May Revision includes \$20 million one-time General Fund monies to connect jobseekers to housing apprenticeship opportunities in partnership with the University of California, California Conservation Corps, state and local workforce development boards, philanthropic organizations, and the building industry.

**Excess State Property.** The Governor’s May Revision proposes \$45 million in one-time federal funds to provide the needed infrastructure to scale viable housing projects, including permanent supportive or traditional housing, emergency shelters, or parks and

recreation facilities on state surplus lands. Of these housing units, at least 20 percent would be available to low- or moderate-income individuals and families. While current law requires local agencies to approve these leasing agreements, the Governor's January proposed Budget trailer bill language would remove this authority for local agencies.

**Housing Preservation.** The Governor's May Revision includes \$300 million one-time federal funding (ARPA) to sustain the Department of Housing and Community Development legacy projects affordability requirements.

**Repairing and Maintaining Seasonal Farmworker Rental Housing.** The Governor's May Revision provides an additional \$20 million one-time General Fund for critical deferred maintenance needs and improved habitability at the Office of Migrant Services (OMS) centers. The Governor's January proposed budget provided \$10 million for OMS center deferred maintenance.

**Regional Early Action Planning (REAP) Program.** The Governor's May Revision includes \$500 million one-time federal funds (ARPA) to the Housing and Community Development Department (HCD) to provide additional planning and implementation grants to regional entities for infill developments targeted towards the state's climate goals and reducing vehicle miles traveled. The 2019 Budget provided \$125 million for the REAP program, administered through HCD to assist local governments in planning and zoning to meet increased housing goals. The additional funding proposed in the May Revision is to continue the work of the REAP program.

### **Transportation**

**Clean California Initiative.** The Governor's May Revision includes the new Clean California Initiative in which the California Department of Transportation will partner with local governments in a statewide beautification effort. One-time funding of \$1.5 billion General Fund will be used for a three-year effort to clean up garbage statewide, beautify the state's transportation network, educate the public about the harms of litter, and create long-lasting litter deterrents.

**State Highway Rehabilitation and Local Roads and Bridges.** The Governor's May Revision invests \$2 billion (\$1.1 billion special funds through 2028, and \$968 million federal funds) to support the advancement of priority State Highway Operation and Protection Program projects, Interregional Transportation Improvement Program projects, and local road and bridge investments.

**Zero Emission Vehicles (ZEVs).** The Governor's May Revision proposes to invest \$3.2 billion total over the next three years to accelerate the adoption of ZEVs, an \$826 million increase from the Governor's proposed January Budget. This spending strategy would support the Governor's Executive Order, which set a target for 100 percent of in-state sales of new passenger cars and trucks to be zero-emission vehicles by 2035, by investing in charging and fueling infrastructure to support zero-emission drayage trucks, transit, and school busses.