

RCRC
*THE RURAL
RUNDOWN*

January 8, 2021

**GOVERNOR'S 2021-22
PROPOSED BUDGET**

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RCRC'S SUMMARY OF GOVERNOR NEWSOM'S 2021-22 PROPOSED BUDGET

Earlier today, Governor Newsom released his Administration's 2021-22 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 13, 2021 virtual Board of Directors Meeting.

Overview

At \$227.2 billion, Governor Newsom's 2021-22 proposed Budget includes \$164.5 billion in General Fund spending, \$58.3 billion in Special Fund spending, and \$4.39 billion in Bond Fund spending. In total, there is a combined \$34 billion in constitutionally mandated budgetary reserves and surplus dollars. While the economic outlook and revenue forecast has improved since the 2020 Budget Act, only half of the jobs from the beginning of the coronavirus (COVID-19) pandemic have been recovered and over 4 million Californians remain on unemployment benefits. It is also important to note that future budget shortfalls are projected to occur beginning in the 2022-23 fiscal year.

"It is undeniable that the pandemic has laid bare, and indeed deepened, inequalities that threaten the California Dream," Governor Newsom said. "We have worked together to tackle these inequalities over the last two years—in healthcare, housing, education, the economy and more—and we must do so with even greater urgency to truly recover from COVID-19."

"It is undeniable that the pandemic has laid bare, and indeed deepened, inequalities that threaten the California Dream." – Governor Newsom

After COVID-19 resulted in an end of more than ten years of economic growth, Governor Newsom seeks a \$14 billion "Equitable and Broad-Based Recovery Package" for businesses and individuals, including \$5 billion total for immediate relief to safely re-open schools and accelerate economic recovery from the devastating impacts of the COVID-19 pandemic and its ensuing nationwide recession. In addition, Governor Newsom identified the urgent need to provide COVID-19 vaccinations and conduct wildfire preparedness.

The Governor's 2021-22 proposed Budget spending plan focuses on improving healthcare, childcare, homelessness, and affordable housing. It also proposes a California Jobs Initiative for workforce development, housing infrastructure and deferred maintenance, as well as advances investment in wildfire prevention.

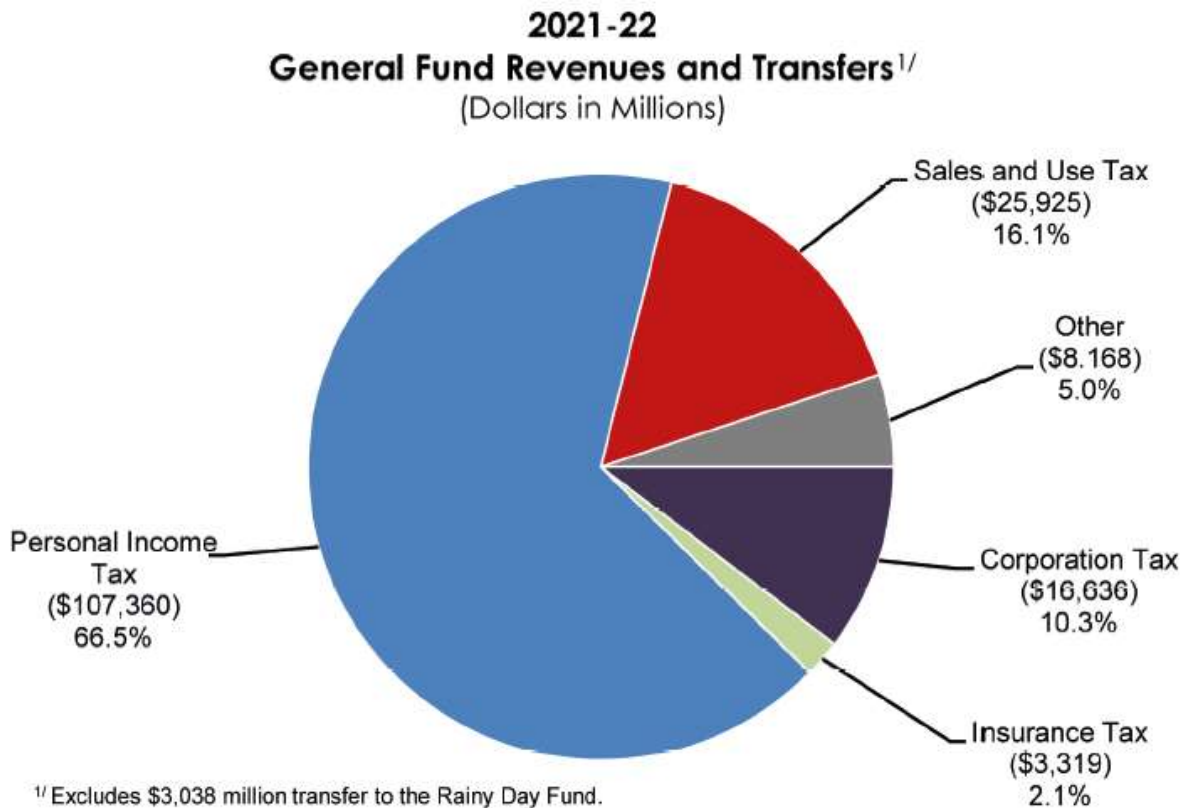
Key Issues/Changes for RCRC Member Counties

Governor Newsom's 2021-22 proposed Budget:

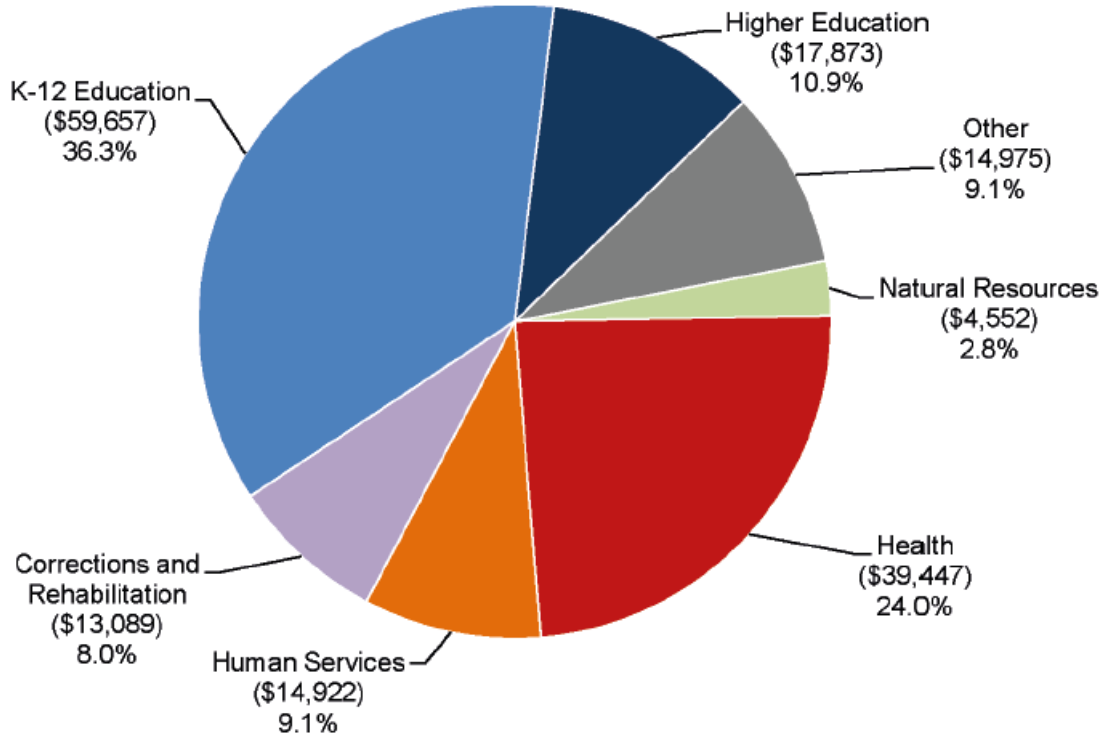
- Proposes a 2-year expenditure plan to allocate current year and 2021-22 Cap-and-Trade auction proceeds, including \$325 million for forest health and resilience

programs and \$170 million for agricultural diesel engine upgrades and replacements;

- Provides \$1 billion for the implementation of a comprehensive forest health and wildfire prevention strategy;
- Consolidates the cannabis licensing agencies into one single entity;
- Dedicates ongoing funding to counties to support the juvenile justice realignment scheme adopted last year;
- Provides \$300 million for vaccine distribution. Included in the funding is a public awareness campaign to increase vaccine adoption;
- Provides \$750 million to counties for competitive Behavioral Health facilities grants to acquire and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources;
- Proposes \$94.8 million in ongoing funding to expand and make permanent telehealth flexibilities authorized during COVID-19 for Medi-Cal providers;
- Proposes an additional \$550 million for Small Business COVID-19 Relief Grants which offers grants up to \$25,000 to micro and small business impacted by the pandemic; and,
- Provides additional financial support to fairs, including \$10 million in one-time support for deferred maintenance, an additional \$50 million in one-time support for the operational costs, and the use of carry-over funds from last year for operational costs.



2021-22
General Fund Expenditures
(Dollars in Millions)



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. 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, 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 2021-22 proposed Budget estimates \$1.4 billion statewide for counties in base Community Corrections Subaccount

(AB 109) funds, representing an increase of \$42.3 million over the statewide estimate for the current fiscal year. While the Governor's 2021-22 proposed Budget projects \$75.9 million in 2020-21 growth funds, no growth funds are projected for the 2021-22 fiscal year. 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 2021-22 proposed Budget includes another one-time \$7.95 million appropriation to support counties' implementation of their Community Corrections Partnership (CCP) plans. Each year since the passage of 2011 Realignment, the state has provided these funds to support 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 state conditions receipt of local CCP planning grants on counties' submission of a report to the Board of State and Community Corrections (BSCC) on specified elements of plan implementation.

Additional County Probation Funding. The Governor's 2021-22 proposed Budget includes \$50 million in new funding for county probation departments, tied to the impacts of Assembly Bill 1950 (Kamlager; 2020) – a measure that capped probation terms at two years for felonies and one year for misdemeanors – and the Division of Juvenile Justice (DJJ) Realignment, which is discussed further below. The \$50 million is proposed to be used on a broad range of services for adults and juveniles, with a focus on keeping individuals out of the criminal justice system.

Additionally, the Governor's 2021-22 proposed Budget continues investment in the implementation of Senate Bill 678 (Leno; 2009), the California Community Corrections Performance Incentive Act that shares state savings with county probation departments based on reductions in new prison admissions from the probation population. Pandemic-related impacts to local public safety and court processing operations together with the implementation of AB 1950 have greatly affected the calculation of revocation rates, which is the basis for SB 678 funding calculations. In recognition of this challenge, the Governor's 2021-22 proposed Budget provides \$122.9 million ongoing to county probation departments in SB 678 funding. The Administration indicates it will revisit the SB 678 performance-based formula once trends and other factors affecting the probation population stabilize.

Juvenile Justice Realignment. Last year's State Budget Package, as set forth in Senate Bill 823, enacted a proposal to eventually shutter all of the DJJ's facilities and, beginning July 1, 2021, stop intake of new youth offenders into DJJ facilities, with rehabilitation and custody responsibility for the previously DJJ eligible population shifting to counties going forward. The DJJ Realignment measure included ongoing funding to accompany the shift of service responsibility, with a guaranteed small-county minimum.

The Governor's 2021-22 proposed Budget, consistent with SB 823, reaffirms dedicated, ongoing funding to counties to support the DJJ Realignment, with resources growing year-over-year as follows to match the incremental impacts of the prospective shift: \$46.5 million in 2021-22, \$122.9 million in 2022-23, \$195.9 million in 2023-24, and \$212.7 million annually beginning in 2024-25. Additionally, as specified in SB 823, the BSCC will

administer one-time funds of \$9.6 million for the Regional Youth Programs and Facilities Grant Program to support (at the local level) the transition of care for this new youth population. Finally, to support the establishment and ongoing operation of the new Office of Youth and Community Restoration within the Health and Human Services Agency, the Governor proposes \$3.4 million in 2021-22 and \$3.1 million ongoing. This office has numerous responsibilities, including reporting on youth outcomes in the juvenile justice system, staffing a Child Welfare Council committee focused on improving outcomes for justice-involved youth, and create an Office Ombudsperson.

Finally, the Governor's 2021-22 proposed Budget also includes \$1.9 million in 2021-22 and \$1 million in 2022-23 to support the efforts of a work group to be established within the Department of Justice charged with developing a plan to replace the Juvenile Court and Probation Statistical System. This effort to create a new and more robust statewide juvenile justice data system was set forth in SB 823, the DJJ Realignment measure; the plan is due to the Legislature by January 1, 2023.

Courthouse Construction. The Governor's 2021-22 proposed Budget discusses the two primary fund sources for the Judicial Branch trial court facilities program: the Immediate and Critical Needs Account (ICNA) and the State Court Facilities Construction Fund (SCFCF). Due to continued declines in fine and fee revenue, the ICNA and SCFCF both are projected to become insolvent over the next several years. The Governor's 2021-22 proposed Budget consolidates the two fund sources to create solvency in 2021-22 and to permit the Judicial Council to maintain existing service levels for its facilities program. No new or additional investments in local courthouse construction are referenced in the Governor's 2021-22 proposed Budget. However, there is a proposed one-time investment of \$30 million to fund deferred maintenance projects in the trial and appellate courts.

Criminal Justice Fines and Fees/Expanded Ability-to-Pay Program. The Governor's 2021-22 proposed Budget maintains the commitment to provide counties \$65 million associated with last year's elimination of a wide variety of criminal justice administrative fees effective July 1, 2021. With the enactment of Assembly Bill 1869 as part of the 2020-21 State Budget, 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. In the months ahead, efforts will be undertaken to finalize a funding allocation methodology for distribution of backfill to counties for the 2021-22 State Budget.

In a related development, the Governor's 2021-22 proposed Budget also builds on a pilot program now operational in six courts that permits indigent and low-income individuals to apply online for a reduction in traffic violation fines and fees in accordance with their ability to pay. The Governor's 2021-22 proposed Budget includes \$12.3 million for the budget year, growing to \$58.4 million by 2024-25 to expand the ability-to-pay program statewide and to incorporate traffic and non-traffic infractions. This investment is meant to cover an online application system and to backfill the courts for \$55.7 million in estimated lost revenue.

Investment in Local IST Diversion Programs. The Governor's 2021-22 proposed Budget includes several initiatives previously offered in the Governor's 2020-21 proposed Budget that were subsequently withdrawn given the contraction in spending last Spring resulting from the pandemic. These initiatives seek to address the long-standing and growing list of persons deemed incompetent to stand trial (IST) who await admission to the Department of State Hospitals for competency treatment. First, the Governor has resubmitted a slightly revised proposal from Fiscal Year 2020-21 to establish a Community Care Demonstration Project in three counties for the felony IST population. This project is projected to serve approximately 1,250 ISTs in county continuum of care settings (rather than in state hospital settings) in the budget year. Funding to support the demonstration project is proposed at \$233.2 million in 2021-22 and \$136.4 million in 2022-23 and thereafter to support improved outcomes for this population.

Additional investments included in the Governor's 2021-22 proposed Budget to address the needs of the IST population are one-time funds of \$46.4 million over three years to expand the current IST diversion program in participating and new counties (including reappropriation of existing program funds set to expire in the current year); \$765,000 in 2020-21 and an additional \$6.3 million in 2021-22 and ongoing to expand the Jail-Based Competency Treatment Program in seven additional counties, expected to increase capacity by up to 31 beds in the budget year; and additional resources in the current year and beyond (\$9.8 million in 2020-21; \$4.5 million in 2021-22; and \$5 million in 2022-23 and thereafter) to expand and establish the program in additional jurisdictions beginning in 2021-22, resulting in an expected capacity expansion of up to 250 beds by the end of 2021-22.

Finally, the Governor's 2021-22 proposed Budget includes \$5.6 million in 2021-22; \$8 million in 2022-23 and 2023-24; and \$8.2 million in 2024-25 and annually thereafter for a Mobile Forensic Assertive Community Treatment Team within the existing Forensic Conditional Release Program (CONREP). This investment seeks to expand community-based treatment options for both IST and non-IST patients in counties to free up capacity in state hospitals for ISTs. Finally, the Governor's 2021-22 proposed Budget includes \$10.5 million (\$3.2 million in 2020-21 and \$7.3 million in 2021-22) to expand the CONREP Continuum of Care Expansion. This initiative seeks to increase the step-down capacity in the community, which would permit the transition of more non-IST patients out of state hospital beds and thereby would create additional bed capacity of 40 in 2021-22.

Repurposing Relinquished Jail Construction Awards. The Governor's 2021-22 proposed Budget identifies \$202 million in relinquished jail construction funds from various grant programs authorized over the last decade. The Governor's 2021-22 proposed Budget indicates that the Administration will be exploring an effort to repurpose these funds for use in purchasing and modifying community mental health facilities.

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. The Governor's 2021-22 proposed Budget estimates a savings of

\$114.8 million comparing state correctional system savings in 2021-22 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 of \$11.9 million compared to the prior year savings amount. The final 2021-22 savings amount will be determined in late summer 2022.

Proposition 57. The Governor’s 2021-22 proposed Budget provides \$19.5 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 2021-22 proposed Budget provides \$16 million (\$6 million General Fund and \$10 million in fees from the Fingerprint Fees Account), increasing to \$18.3 million ongoing to backfill the continued decline in revenues in the DNA Identification Fund, which will help assure continued processing of evidence for counties. Furthermore, the Governor’s 2021-22 proposed Budget includes \$6.5 million in one-time funding to build a new Consolidated Science Forensic Laboratory to expand the state’s forensic capacity and capability. Local law enforcement agencies in 46 counties (nearly all rural) utilize state labs for analysis of forensic evidence.

State Prison Intake Suspension and County Reimbursements. Like most other areas of governmental operations, the state prison systems had to make dramatic changes to its operations as a result of the pandemic. Intake of sentenced felons from county jails was suspended from late March to November 2020, then suspended again in late November 2020 due to the ongoing surge. Intake will resume with continued precautions – such as testing upon intake and two-week quarantines in reception centers – as public health conditions allow. The Governor’s 2021-22 proposed Budget reports that \$38.8 million in reimbursements to counties for holding state inmates during intake stoppage had been made as of December 1, 2020; an additional \$40.4 million in payments were pending; and current projections indicate that a total of \$163.4 million in additional reimbursements will be required to cover costs through June 30, 2021.

Broadband

The Governor’s 2021-22 proposed Budget does not include an appropriation for the Broadband for All initiative, which was launched in late 2019 in an effort to bridge the digital divide. In addition to the 2021-22 proposed Budget, the Governor released the 2021 Five-year Infrastructure Plan (Plan), which focuses on the state’s investments in infrastructure, including broadband. Both the Plan and the Governor’s proposed Budget include general language outlining the intent of the state to support the expansion of broadband infrastructure, improve the state’s existing Universal Service programs to support broadband subsidies, and address inequities in how these programs are funded. The Plan further suggests that local governments and regional agencies should be supported in efforts to improve connectivity in their respective communities. The Governor’s 2021-22 proposed Budget does provide specific funding for education-related broadband.

California Environmental Protection Agency

Assembly Bill 32 Cap-and-Trade Proceeds. The Governor’s 2021-22 proposed Budget includes a \$1.3 billion Cap-and-Trade Expenditure Plan for those funds that are not continuously appropriated to programs like high-speed rail, transit-oriented affordable housing and other transit-related projects, that combines current budget year proceeds and 2021-22 budget year proceeds. It should be noted that the Legislature did not finalize an expenditure plan for the 2020-21 State Budget. The proposed Expenditure Plan classifies 2020-21 budget year allocations as “Early Action” items and concentrates expenditures on investments that improve air quality in disadvantaged communities across the state.

Specifically, the proposed Cap-and-Trade Expenditure Plan provides \$325 million combined to support the Assembly Bill 617 Community Air Protection Program, which targets emissions reductions directly in and around the most impacted communities. The plan augments the Safe and Affordable Drinking Water program by \$54 million (\$30 million current year), which allows it to be fully funded at \$130 million. The plan also provides \$170 million for agricultural diesel engine replacements and upgrades (\$90 million current year), and \$30 million for the Healthy Soils Program (\$15 million current year).

The plan also completes the state’s commitment pursuant to Senate Bill 901 (Dodd; 2018), allocating the remaining \$125 million not included in the 2020-21 State Budget as an Early Action and including \$200 million for 2021-22 for healthy and resilient forest programs. The plan does not include funding for the Department of Resources Recycling and Recovery (CalRecycle) for waste diversion implementation programs such as Senate Bill 1383 (Lara; 2016) organics regulations.

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 urging the state to identify and secure another funding source for CalRecycle’s waste diversion programs in light of the complete lack of Cap-and-Trade commitment. 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 Cap-and-Trade Expenditure Plan is as follows (dollars in millions):

Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection	\$125	\$140	\$265
		AB 617 - Local Air District Implementation	\$0	\$50	\$50

		AB 617 - Technical Assistance to Community Groups	\$0	\$10	\$10
	Water Board	Safe and Affordable Drinking Water	\$30	\$24	\$54
Low Carbon Transportation & Zero Emission Vehicle Strategy	Air Resources Board	Clean Trucks, Buses & Off-Road Freight Equipment	\$165	\$150	\$315
		Agricultural Diesel Engine Replacement and Upgrades	\$90	\$80	\$170
		Clean Cars 4 All & Transportation Equity Projects	\$74	\$76	\$150
Natural & Working Lands	CAL FIRE	Healthy & Resilient Forests (SB 901)	\$125	\$200	\$325
	Department of Food and Agriculture	Healthy Soils	\$15	\$15	\$30
		Totals	\$624	\$745	\$1,369

Climate Catalyst Fund. The Governor’s 2021-22 proposed Budget builds upon last year’s creation of a Climate Catalyst Fund (Fund) by allocating \$97 million for wildfire, forest resilience, and agriculture projects that reduce current and avoid future greenhouse gas emissions. The Fund is intended to jump-start climate-related technologies and infrastructure that currently face barriers in the private market.

The Governor’s 2021-22 proposed Budget devotes \$47 million for a new wildfire and forest resilience low-interest lending program and supply chain guarantees to stimulate and expand wood products markets and increase utilization of forest thinnings.

The Governor’s 2021-22 proposed Budget also includes \$50 million to provide loans for climate smart agriculture projects, including those that: reduce methane emissions; replace existing equipment; promote water efficiency; improve soil health; increase the use of on-farm bioenergy; improve energy efficiency in the food processing industry; and, support renewable energy and energy storage for agricultural operations.

RCRC has long-supported promoting innovative wood products and expanding markets for forest thinnings as a way to help the state achieve its forest health goals and reduce the risk of wildfire. This program has potential to speed up technology development and deployment in areas such as wood utilization and waste reduction, which can help RCRC member counties both economically and ecologically.

Department of Toxic Substances Control Governance Reform and Fee Increases. The Governor’s 2021-22 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 structural budget deficit and operational challenges that impact the timeliness of its permit decisions and jeopardize the future clean-up of contaminated sites.

The Governor's 2021-22 proposed Budget renews the Administration's previous effort to establish a new five-member oversight board that will set fees regulatorily, consider permit appeals, and oversee DTSC operations. The fiscal changes include providing DTSC broader authority to set its own fees similar to State Water Resources Control Board's process, which is still subject to an overall spending cap imposed in the annual Budget. While the actual amounts of the fee increases included in this year's proposed Budget are not yet available, last year's Administration proposal sought to increase fees three to four times above current levels and eliminate many fee exemptions that currently apply to local hazardous waste management programs and used oil.

Contaminated Site Cleanup. The Governor's 2021-22 proposed Budget includes \$300 million to expedite the clean-up of contaminated properties. RCRC acknowledges the need for additional funding to remediate legacy contaminated sites and brownfield sites, many of which are located in rural areas. Of the \$300 million, \$31.4 million is earmarked to clean up 3,200 residential properties surrounding the former Exide battery recycling facility in Vernon (Los Angeles County). It remains unclear how the remaining funds will be allocated, although the proposal is tied to enactment of the contentious DTSC fiscal and governance reform proposal.

Solid Waste Management and Recycling. The Governor's 2021-22 proposed Budget suggests modernizing the waste and recycling system to create a circular economy in which products and packaging can be reduced, reused, or remanufactured into new products.

In recognition of the significant challenges facing the Beverage Container Recycling Program, the Governor's 2021-22 proposed Budget includes \$5 million to expand pilot programs to increase consumer redemption opportunities in underserved communities. This investment is anticipated to accompany statutory changes to address some of the existing structural problems.

While the Governor's 2021-22 proposed Budget expresses a firm commitment to the successful implementation of the new organic waste recycling program, it includes no funding for local government to help implement or achieve the ambitious new requirements, nor to facilitate the development of the infrastructure that will be necessary to process and recycle all of the organic waste that must be collected over the next few years.

Resources

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 2021-22 proposed Budget builds upon the Administration's recent expenditures with a substantial commitment to forest health and wildfire prevention activities.

The Governor's 2021-22 proposed Budget contains a \$1 billion Wildfire and Forest Resilience Expenditure Plan, which will fund various portions of the newly released Wildfire and Forest Resilience Action Plan (Plan) developed by the Governor's Forest Management Task Force. The Plan divides the expenditure into a \$323 million current

year allocation, to be carried out on projects before the start of the 2021 wildfire season, with the remaining allocation in the 2021-22 budget year. Plan components include:

Resilient Forests and Landscapes: The Plan includes \$512 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 post-fire watershed recovery, support for small landowners and a direct investment to Tribes.

Wildfire Fuel Breaks: CAL FIRE and the California Conservation Corps (CCC) will receive \$335 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.

Community Hardening: Recognizing the need to provide assistance for homeowners in high fire risk communities, the Plan will include \$38 million for retrofits of homes for low-income homeowners, as well as educational outreach on home hardening and defensible space in fire prone communities.

Forest Sector Economic Stimulus: The Plan provides \$76 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 a \$39 million allocation to support long-term forest health and restoration goals.

Five-Year Extension of Senate Bill 901 Funding: The Governor’s proposed 2021-22 Budget also includes statutory changes to extend the annual \$200 million Cap-and-Trade funding allocation created by SB 901 (Dodd; 2018) for an additional five years.

**Wildfire and Forest Resilience Expenditure Plan
(Dollars in Millions)**

Investment Category	Department	Program	Early Action 2020-21	Budget Year 2021-22	Total
Resilient Forests & Landscapes	CAL FIRE	Forest Health Programs	\$70	\$100	\$170
		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	\$19	\$123	\$142

	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	\$50	\$80	\$130
		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	\$25	\$60	\$85
Community Hardening	Cal OES & CAL FIRE	Home Hardening	\$25	\$0	\$25
	CAL FIRE	Defensible Space Inspectors	\$0	\$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	\$47	\$2	\$49
	CAL FIRE	Workforce Training	\$6	\$18	\$24
	Office of Planning & Research	Market Development	\$3	\$0	\$3
Totals			\$323	\$677	\$1,000

Capital Improvement Projects in RCRC Counties. The Governor's 2021-22 proposed Budget includes many capital outlay projects in RCRC counties.

Department of Corrections and Rehabilitation:

- \$20.2 million for construction of an arsenic and manganese removal water treatment plant at Valley State Prison and Central California Women's Facility (Madera County)
- \$4.1 million as part of a \$22.1 million project to complete healthcare facility improvements at Calipatria State Prison (Imperial County)

CAL FIRE:

- \$2 million for acquisition phase of a \$22.6 million project to relocate Boggs Mountain Helitack Base (Lake County)
- \$2.7 million for working drawings for a \$59.6 million project to replace the Butte Fire Center (Butte County)

- \$3 million for working drawings for a \$59.2 million project to replace the Growlersburg Conservation Camp (El Dorado County)
- \$789,000 for preliminary plans for a \$12 million project to replace the Higgins Corner Fire Station (Nevada County)
- \$12 million for acquisition phase of a \$53 million project to relocate the Hollister Air Attack Base/Bear Valley Helitack Base (San Benito County)
- \$550,000 million for the acquisition phase of a \$17.9 million project to relocate the Howard Forest Helitack Base (Mendocino County)
- \$1.8 million for the acquisition phase of a \$57.3 million project to relocate the Humboldt-Del Norte Unit Headquarters (Humboldt County)
- \$600,000 for the acquisition phase of a \$73.8 million project to relocate the Intermountain Conservation Camp (Lassen County)
- \$850,000 for the acquisition phase of a \$18.2 million project to relocate the Kneeland Helitack Base (Humboldt County)
- \$796,000 for the acquisition and preliminary plan phase of a \$11.9 million project to relocate the Macdoel Fire Station (Siskiyou County)
- \$975,000 for tank and dozer barn improvements at the Owens Valley Conservation Camp (Inyo County)
- \$1. million to construct apparatus buildings at the West Point (Calaveras County) and La Panza (San Luis Obispo) Fire Stations
- \$4.3 million for preliminary plans for a \$105.8 million project to relocate the Shasta Trinity Unit Headquarters (Shasta County)

Court Facilities:

- \$68 million for the design build phase of a \$73 million project to construct a new courthouse in Lakeport (Lake County)
- \$3.3 million for the performance criteria phase of a \$118.1 million project to construct a new courthouse in Ukiah (Mendocino County)
- \$972,000 for a planning study as part of a \$1.6 million project to consider building a new courthouse in Nevada City (Nevada County)
- \$191,000 for facility improvements at the Criminal Court Building (Napa County)

Department of Parks and Recreation:

- \$1.026 million for construction and equipment to build a lifeguard tower headquarters at Oceano Dunes State Vehicular Recreation Area (San Luis Obispo County)

Department of Veterans Affairs:

- \$296,000 for preliminary plans and working drawings for an expansion at the Northern California Veterans Cemetery (Shasta County)
- \$954,000 for the construction phase of a \$1.5 million water system upgrade project at the Northern California Veterans Cemetery (Shasta County)
- \$2.1 million for water treatment plant renovations at the Rector Reservoir that serves the Veterans Home of California – Yountville, Napa State Hospital, Yountville, and surrounding wineries (Napa County)

Department of Fish and Wildlife. The Governor's 2021-22 proposed Budget continues to fund the Department of Fish and Wildlife's (DFW) implementation of a service-based

budget, which funds DFW annually based on a report of their necessary expenditures. In accordance with the recommendations of the January 2021 DFW final report, the Governor's 2021-22 proposed Budget includes \$45.1 million for investments in equipment, technology, and staffing.

In October 2020, Governor Newsom issued Executive Order N-82-20, which directs state agencies to direct program activities over the next decade to achieve land and marine conservation targets by 2030 ("at least 30 percent of California's land and coastal waters by 2030"). The Governor's 2021-22 proposed Budget identifies the following categories of spending to implement DFW's service-based budget and to meet the goals of the executive order:

Wetlands Management: The Governor's 2021-22 proposed Budget includes \$9.8 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 2021-22 proposed Budget includes \$7 million to modernize hatchery facilities to improve operational reliability as well as fish survivability.

Vegetation Mapping: The Governor's 2021-22 proposed Budget includes \$5.5 million to generate a high-resolution vegetation classification map of nearly one million acres of Northern California coast.

Fishing and Hunting Licenses Modernization: The Governor's 2021-22 proposed Budget includes \$750,000 to improve and modernize the state's technology platform, including a mobile phone application for displaying active licenses.

Human Wildlife Conflict Response: The Governor's 2021-22 proposed Budget includes \$7 million to respond to increased human-wildlife conflicts in the state. The funding will primarily go to education programs in local communities, to the purchase of non-lethal traps and other equipment to safely re-locate wildlife, and to other technologies proven to reduce conflicts.

Wildlife Areas Access and Facilities: The Governor's 2021-22 proposed Budget includes \$6 million for visitor amenities (restroom facilities and instructional signage), as well as wildlife interpretative signage.

Department of Parks and Recreation. The Governor's 2021-22 proposed Budget includes \$82 million to bolster visitor access to state parks, and to improve state park infrastructure. This includes \$20 million for deferred maintenance at state parks, \$12.7 million to support the Youth Community Access Grant Program, \$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.

Off-Highway Vehicle Local Assistance Grants: The Governor's 2021-22 proposed Budget includes \$29 million for the Department of Parks and Recreation to provide local assistance grants for planning, development, maintenance, operation, and conservation

of trails, trailheads, and other facilities associated with the use of off-highway motor vehicles.

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 proposed 2021-22 Budget not only makes substantial allocations to state response agencies, but boosts resources available to aid local governments with emergency response.

California Department of Forestry and Fire Protection: The Governor's proposed 2021-22 Budget includes \$292.1 million for the California Department of Forestry and Fire Protection (CAL FIRE) to continue bolstering wildfire response capabilities. The funding includes a \$143.3 million one-time allocation for the 2021-22 budget year, with \$124.5 million ongoing and \$24.2 million in one-time funding in out-years for capital outlay costs for CAL FIRE, and the California Conservation Corps to support 30 additional fire crews.

California Disaster Assistance Act: The Governor's proposed 2021-22 Budget includes a substantial \$256.1 million one-time allocation to the California Disaster Assistance Act (CDAA) fund. 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.

Regional Hazardous Materials Response: The Governor's proposed 2021-22 Budget allocates \$3.6 million for regional hazardous materials emergency response, including fortifying the state's 12 Regional Hazardous Materials Response teams.

Protecting Forests in State Parks. Recognizing the need to address forests in the State Parks system, the Governor's 2021-22 proposed Budget includes \$85 million in one-time funding to increase the pace and scale of forest management and restoration at state parks across California.

Agriculture (COVID-19 response). The Governor's 2021-22 proposed Budget acknowledges the emergency spending made to local governments, and directly to growers, in order to mitigate the impact of the COVID-19 pandemic on agricultural operations. The Governor's 2020-21 proposed Budget would compensate growers for food donations made to local food banks, for the provisioning of high-quality masks to agricultural workers to prevent airborne spread of COVID-19, and to safely house agricultural workers who may have been exposed to the virus. RCRC expects continued support by the state in 2021 to assist growers respond to COVID-19-related impacts.

Additionally, the Governor's 2021-22 proposed Budget includes \$6.7 million to contract with University of California Cooperative Extension to provide direct technical assistance and grants to small, mid-sized, and underserved farms. These funds are intended to help growers with business planning, navigating regulatory compliance, and leveraging state and federal grant and assistance programs.

Sustainable Climate Smart Agriculture: The Governor's proposed 2021-22 Budget includes substantial funding to assist the agricultural industry reduce climate emissions in agricultural production. These funds include:

Funding Agricultural Replacement Measures for Emissions Reductions (FARMER): The Governor's 2021-22 proposed Budget includes \$170 million from the Greenhouse Gas Reduction Fund for California Air Resources Board programs that fund the replacement of agricultural equipment and vehicles with cleaner alternatives.

Healthy Soils Program: The Governor's 2021-22 proposed Budget includes \$30 million to the Department of Food and Agriculture to provide grants for on-farm soil management practices that sequester carbon.

Water. The Governor's 2021-22 proposed Budget proposes several new expenditures to implement the Administration's Water Resilience Portfolio, and to support local agency projects for reliability and resilience. This includes \$30 million in 2021-22 for grants to support local planning and implementation of the Sustainable Groundwater Management Act.

The Governor's 2021-22 proposed Budget also includes \$20 million to the Department of Food and Agriculture for State Water Efficiency and Enhancement Program grants, to fund grants to local agencies and growers to improve agricultural irrigation efficiency.

Additionally, the Governor's 2021-22 proposed Budget includes \$183 million for flood risk mitigation and infrastructure improvement programs, including in the Delta. The Governor's 2021-22 proposed Budget also includes \$43.7 million for Delta ecosystem and habitat projects.

Finally, the Governor's 2021-22 proposed Budget includes \$75 million in one-time expenditures to address critical levee repair and deferred maintenance.

Groundwater Sustainability: The Governor's 2021-22 proposed Budget includes \$50 million for sustainable groundwater and water efficiency programs. This includes \$30 million to Department of Water Resources (DWR) for local planning grants, including Groundwater Sustainability Plans, and for groundwater implementation projects across critically over-drafted basins.

Flood Management: The Governor's 2021-22 proposed Budget includes \$183 million for flood management and infrastructure improvement. This includes \$81 million from various bond funds for DWR Delta Levees System Integrity Program, \$28.5 million in bond funding to DWR for collaborative flood risk management, and \$6.5 million in bond funding to DWR for emergency flood response in the Delta.

Delta Resilience: The Governor's 2021-22 proposed Budget proposes significant new funding for ecosystem restoration, watershed resilience, and flood management. In addition to funding for mitigating Delta flood risks, the proposed Budget includes \$43.7 million for projects that improve water quality or ecological conditions in the San Joaquin River and within the Delta.

COVID-19 Economic Recovery

Equitable and Broad-Based Recovery. The Governor's 2021-22 proposed Budget includes an economic recovery package to assist businesses and individuals recovering from the pandemic. The package totals \$14 billion, including \$3.5 in immediate relief request to the Legislature.

Golden State Stimulus: Included in the Governor's 2021-22 proposed Budget is immediate relief to low-income households through a Golden State Stimulus tax refund. The stimulus program would refund \$600 to taxpayers who receive a California earned Income Tax Credit in 2020 and 2021 totaling \$2.4 billion.

Small Business Grants: The Governor's 2021-22 proposed Budget includes an additional \$550 million for the California Small Business COVID-19 Relief Grant program. The program offers grants up to \$25,000 to micro and small businesses impacted by the pandemic. In addition, the proposal includes \$25 million for small cultural institutions, such as museums and art galleries.

California Completes Tax Credit (CalCompetes) Investment: The Governor's 2021-22 proposed Budget increases the business tax credits available by \$90 million in both 2020-21 and 2021-22 for a total of \$270 million. The Governor's 2021-22 proposed Budget also includes a \$250 million request to launch a CalCompetes business grant with at least \$50 million earmarked for high-need, high-opportunity areas of the state. The grant program is part of the Administration's early action request to the Legislature.

Main Street Small Business Tax Credit: Senate Bill 1447 (Bradford; 2020) created the Main Street Small Business Tax Credit allowing qualified small business employers to utilize a hiring credit against their state income taxes or sales and use taxes. SB 1447 capped the credit at \$100 million. The Governor's 2021-22 proposed Budget allocates an additional \$100 million for a hiring credit in 2021-22.

IBank Investment: The Governor's 2021-22 proposed Budget includes \$50 million one-time funding to use across IBank's programs aimed at benefiting underserved small businesses. The Governor's 2021-22 proposed Budget also include an additional \$50 million towards IBank loan programs to assist businesses recovering from the COVID-19 Recession.

Fee Waivers: The Governor's 2021-22 proposed Budget includes \$70.6 million for fee waivers to individuals and businesses most impacted by the pandemic such as barbers, cosmetologists, manicurists, bars and restaurants.

Workforce Development: The Governor's 2021-22 proposed Budget includes one-time and ongoing investments totaling \$332.9 million to support California's workers as they adapt to changes in the economy brought about by COVID-19. In addition, the proposed budget includes \$25 million to the California Workforce Development Board for apprenticeship type programs. Included in the proposal is \$8.5 million to expand construction apprenticeships, \$6.5 million for utility tree contractor programs for wildfire prevention, \$4 million to expand health care training to address COVID-19 needs and \$2 million to expand cybersecurity apprenticeships.

General Government

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.

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 2021-22 proposed Budget includes \$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 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). This move is expected to create a single point of contact for licensees and counties/cities, which are required to sanction cannabis activities. The Newsom Administration is expected to propose statutory changes to consolidate the agencies and make related improvements.

Cannabis Tax. Inflation adjustments for the cannabis excise taxes slated for 2021 were paused last year in order to provide tax relief to the cannabis industry. The Governor's 2021-22 proposed Budget updates cannabis excise tax projections. The cannabis excise taxes generated \$491 million in 2019-20 and are expected to generate \$544 million in 2020-21 and \$658 million in 2021-22. In addition, the Governor's 2021-22 proposed Budget estimates \$443.1 million in cannabis excise taxes will be available in 2021-22 for youth education, prevention and treatment (\$265.9 million); clean-up, remediation and enforcement of environmental impacts created by illegal cannabis cultivation (\$88.6 million); and public safety-related activities (\$88.6 million).

Fairs. The Governor's 2021-22 proposed Budget contains a number of items to help financially support the network of the state's 79 fairs, which include county fairs, citrus fruit fairs, District Agricultural Associations, and the California State Fair.

First, the Governor's 2021-22 proposed Budget includes \$10 million in one-time support for deferred maintenance with a focus on assisting fairgrounds that support emergency operations. Second, the Governor's 2021-22 proposed Budget includes an additional \$50 million in one-time support for the operational costs of fairs while the Newsom Administration evaluates a number of alternative business and governance models. Finally, the Governor's 2021-22 proposed Budget would allow unused monies from last year's State Budget that were dedicated to address employee lay-offs at fairgrounds, estimated to exceed no more than \$20 million, to be used to support operational costs.

RCRC continues to work with stakeholders to ensure the long-term viability of fairs - from a governance standpoint as well as funding in light of the pandemic. Without an infusion of monies and a new governance structure(s), many small- and medium-sized fairs are in jeopardy of closure.

Sustainable Groundwater. The Governor's 2021-22 proposed Budget includes \$50 million for sustainable groundwater and water efficiency programs. This includes \$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. The Governor's 2021-22 proposed Budget includes \$20 million to the Department of Food and Agriculture for State Water Efficiency and Enhancement Program grants.

Pesticide Fees and Pest Management. The Governor's 2021-22 proposed Budget attempts to shift away from the use of harmful pesticides through a multi-tiered approach. Central to that approach, the Governor's 2021-22 proposed Budget contemplates replacing the existing mill assessment on pesticide sales with a new risk-based tiered fee structure under which more toxic pesticides will be subject to a higher mill assessment.

The Governor's 2021-22 proposed Budget also includes: \$20 million to expand integrated pest management practices that promote the use of safer alternatives to high-risk pesticides; \$16.5 million for additional enforcement of pesticide laws to protect worker and community safety (including additional support for local County Agricultural Commissioners); and \$1.5 million to increase community engagement on the transition to safer pest management practices.

Williamson Act. The Governor's 2021-22 proposed Budget 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 ongoing 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.

Health and Human Services

COVID-19 continues to have a significant impact on programs under the Health and Human Services Agency. The Governor's 2021-22 proposed Budget assumes that the pandemic emergency response will continue through the end of the calendar year. The Governor's 2021-22 proposed Budget includes \$195.1 billion (\$64.3 General Fund and \$130.8 other funds) for all health and human services programs (not all COVID-19 pandemic response cost are included in these numbers).

COVID-19 Response.

Direct COVID-19 Emergency Response Expenditures: California's approximate COVID-19 emergency response cost totals \$13 billion. This represents costs incurred in the prior fiscal year as well as projected costs in fiscal years 2020-21 and 2021-22. It is important to note the Department of Finance regularly updates these estimates.

Vaccine Distribution: The Governor's 2021-22 proposed Budget includes an initial estimate for vaccine distribution totaling \$300 million, including a public awareness campaign to increase vaccine adoption. The state has formed a Drafting Guidelines Working Group and Community Vaccine Advisory Committee to assist in vaccine allocation and distribution frameworks.

Coronavirus Relief Funds (CRF): The 2020 Budget Act established the CRF to allocate the \$9.5 billion provided in the federal Coronavirus Aid, Relief, and Economic Security Act. Based on data through September 30, 2020, the state has obligated or spent nearly \$8.7 billion of the \$9.5 billion. These funds have helped to mitigate impacts of COVID-19 including nearly \$1.3 billion to counties to support local priorities. The deadline to spend the CRF was extended through December 31, 2021. The state is working on finalizing the allocation of the remaining \$800 million in funds to pay for additional emergency response costs, public health expenses, and public safety payroll cost.

Federal Relief: In late December 2020, Congress passed a fifth COVID-19 relief bill, the Coronavirus Response and Relief Supplemental Appropriation Act, totaling \$900 billion, with approximately \$100 billion directed to California. Key provisions of the bill focus on unemployment insurance benefits and economic impact payments.

Analysis of COVID-19 Impacts: The Governor's 2021-22 proposed Budget includes \$1.7 million in General Funds and \$154,000 General Fund in 2022-23 for the Health and Human Services Agency to conduct an analysis of COVID-19 impacts on health disparities and equity to inform future pandemic response.

Behavioral Health.

Mental Health Services Act (MHSA): In direct response to increased demand for behavioral health services due to the COVID-19 pandemic, the Governor's 2021-22 proposed Budget proposes to extend statutory changes that allow county spending flexibilities with local MHSA funds that was previously allowed in the 2020 State Budget. The statutory changes authorize counties to spend down their local MHSA prudent reserves, as opposed to requesting county-by-county authority from the state. In addition, the changes authorize counties to spend funds within Community Services and Support programs component regardless of category restrictions to meet local needs. Lastly counties can use their currently approved spending plans, if new plans are delayed due to COVID-19.

Behavioral Health Facilities Grants: The Governor's 2021-22 proposed Budget includes \$750 million for competitive grants to counties to acquire and rehabilitate real estate assets to expand the community continuum of behavioral health treatment resources. These community resources are a part of the Governor's overarching framework to address homelessness.

In-Home Supportive Services. The Governor's 2021-22 proposed Budget includes a 10 percent increase in costs in 2021-22 over the 2020-21 revised level for a total program cost estimated at \$16.5 billion. Average monthly caseload is projected to be 593,000 recipients in 2021-22.

IHSS Service Hours Restoration: The Governor's 2021-22 proposed Budget includes \$449.8 million in 2021-22 and \$242.6 in 2022-23 to reflect a delay in suspending the 7-percent across-the-board reduction to IHSS service hours. The suspension will be lifted if the Administration through the 2022-23 budget process concludes there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.

Minimum Wage: The Governor's 2021-22 proposed Budget includes \$1.2 billion to fund planned minimum wage increases of \$14 per hour on January 1, 2021, and \$15 per hour on January 1, 2022.

IHSS County Administration: The Governor's 2021-22 proposed Budget no longer assumes savings to hold county administration funding at the 2019-20 level, resulting in county administration costs being updated for 2021-22 to include \$17.8 million to reflect caseload and Consumer Price Index adjustments.

IHSS COVID-19 Back-up Provider System: The Governor's 2021-22 proposed Budget includes \$5.3 million one-time funds to extend the back-up provider system and back-up provider wage differential to avoid disruption to caregiving until December 2021. The Administration will reevaluate the need as the state recovers from the COVID-19 pandemic.

Medi-Cal. The Governor's 2021-22 proposed Medi-Cal budget includes \$122.2 billion. The Governor's 2021-22 proposed Budget estimates caseload will increase 11.7 percent from 2020-21 to 2021-2022. Medi-Cal is projected to cover 40 percent of the state's population next fiscal year.

California Advancing and Innovating Medi-Cal: The Governor's 2021-22 proposed Budget includes \$1.1 billion in 2020-21 to implement California Advancing and Innovating Medi-Cal (CalAIM) by January 1, 2022, growing to \$1.5 billion in 2023-24. Beginning in 2024-25, the Administration proposes to phase out infrastructure funding, resulting in ongoing cost of about \$846.4 million per year.

CalAim, builds upon the waiver demonstration programs such as Whole Person Care, the Coordinated Care Initiative, Health Homes, and public hospital system delivery transformation. CalAim proposes to provide a wider array of services and supports for patients with complex and high needs.

COVID-19 Medi-Cal Impacts: The Governor's 2021-22 proposed Budget projects an average monthly caseload of 14 million beneficiaries in 2020-21 and 15.6 million beneficiaries in 2021-22, and includes \$5.4 billion (\$1.7 billion General Fund) in 2020-21 and \$13.5 billion in 2021-22 for increased caseload attributable to the COVID-19 Pandemic. The Governor's 2021-22 proposed Budget includes net costs of \$1.9 billion total funds from COVID-19 impacts, including enhanced Federal Medical Assistance Percentage, vaccine administration costs, and federal waiver flexibilities.

Telehealth Flexibilities in Medi-Cal: The Governor's 2021-22 proposed Budget includes \$94.8 million ongoing to expand and make permanent certain telehealth flexibilities authorized during COVID-19 for Medi-Cal providers, and to add remote patient monitoring as a new covered benefit, effective July 1, 2021.

County Administration: The Governor's 2021-22 proposed Budget includes an increase of \$65.4 million for county Medi-Cal eligibility determinations.

Proposition 56 Supplemental Payment Programs: The Governor's 2021-22 proposed Budget delays the suspension of Proposition 56 programs by 12 months and includes a total of \$3.2 billion for these programs. If the suspension were not delayed the Budget would have otherwise included \$759.9 million savings. The State General Fund partially supports supplemental payment programs now that costs are exceeding the revenue generated by the declining tobacco tax. The Governor's 2021-22 proposed Budget assumes Proposition 56 suspension effective July 1, 2022, except for supplemental payments which will be suspended December 31, 2022.

Food Banks: In light of increased food insecurity due to COVID-19 the Governor's 2021-22 proposed Budget includes \$30 million in one-time funding to the Department of Social Services to fund existing Emergency Food Assistance Program providers, food banks, tribe and tribal organizations.

CalWORKs: The Governor's 2021-22 proposed Budget includes \$7.4 billion for CalWORKs program expenditures and \$1.9 billion in other programs. In addition, the Governor's 2021-22 proposed Budget includes a 1.5 percent increase to CalWORKs Maximum Aid Payment levels effective October 1, 2021, which is estimated to cost \$50.1 million in 2021-22.

Public Health.

COVID-19 Disaster Response: The current State Budget reflects over \$1 billion (through Fall 2020) in state and federal support for COVID-19 emergency response measures including supporting enhanced laboratory capacity and testing, data-driven investigation, response and prevention, coordination with local partners and the Valencia Branch Laboratory. The Governor's 2021-22 proposed Budget builds on that initial funding by including an additional \$820 million for COVID-19 emergency response.

Homelessness

Project Homekey. The Governor's 2021-22 proposed Budget includes \$750 million one-time funding for continuing competitive grants for local governments to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and convert them into interim or permanent long-term housing. Funding will be distributed through Department of Housing and Community Development programs, including Project Homekey. Additionally, the Governor is requesting early action by the Legislature to approve \$250 million of the proposed funding in 2020-21, to continue funding Project Homekey projects currently in process. The Governor's 2021-22 proposed Budget further specifies the intent of the Administration to maintain streamlining process currently in

effect under Project Homekey, including California Environmental Quality Act (CEQA) exemptions, for all future Project Homekey projects.

Expanded Facilities to Support Housing. The Governor's 2021-22 proposed Budget includes \$250 million one-time funding to the Department of Social Services for counties to acquire or rehabilitate Adult Residential Facilities and Residential Care Facilities for the Elderly in order to preserve and expand housing for low-income seniors.

Housing and Land Use

Local Housing Production Oversight. The Governor's 2021-22 proposed Budget affirms the Administration's intent to further increase pressure on local governments to strengthen housing production within their respective jurisdictions. The Governor's 2021-22 proposed Budget includes \$4.3 million for the Department of Housing and Community Development (HCD) to provide technical assistance to local governments, including providing education about local planning, zoning, and permitting requirements mandated under current law. Additionally, the Governor's 2021-22 proposed Budget expressly states that legal remedies will be pursued under existing law if a local government disregards its housing planning and permitting obligations. The Governor has stated that this increased funding will allow HCD staff to actively monitor County Board of Supervisor and City Council meetings in order to assess progress toward housing production goals.

The Governor's 2021-2022 proposed Budget also reestablishes the Administration's intent to improve the Regional Housing Needs Allocation process and continue its work with local governments to pursue pro-housing policies. Specifically, the Governor's 2021-22 proposed Budget asserts that HCD will promulgate pro-housing regulations early in 2021.

California Environmental Quality Act (CEQA) Streamlining. The Governor's 2021-22 proposed Budget includes language promoting the continued use of targeted CEQA exemptions, similar to those used for projects pursued under the Governor's Homekey Program, in order to increase construction of affordable housing. Details on scope and applicability of a proposed CEQA exemption would need to be established through enabling legislation.

Infill Infrastructure Grant Program. The Governor's 2021-22 proposed Budget includes \$500 million for the Infill Infrastructure Grant (IIG) Program of 2007, which provides funding for local jurisdiction for infrastructure projects designed to increase viability of affordable housing construction. The Administration additionally requested the Legislature take early action in 2020-2021 on \$250 million of proposed IIG program funding.

State Housing Tax Credit Program. The Governor's 2021-22 proposed Budget includes \$500 million to the state's tax credit program, marking the third consecutive year this investment has been made by the Administration. 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 for this program, and authorized the sum annually, upon appropriation through the State Budget.

Rental Assistance. The Governor's 2021-22 proposed Budget includes a projected \$2.6 billion in Federal funds to implement the Emergency Rental Assistance program approved by Congress in late December 2020. Low-income renter households with financial hardships, such as those on unemployment benefits, and with incomes at or below 80 percent of the area median can receive financial assistance for rent and utility costs to stave off eviction and reduce housing insecurity.

Seven RCRC member counties with populations over 200,000 (Butte, Merced, Monterey, San Luis Obispo, Sonoma, Tulare and Yolo) qualify for direct payments from the U.S. Treasury if the application is received before January 13, 2021. The Governor proposes to split California's estimated allocation with qualifying cities and counties.

Transportation

Zero Emission Vehicles. The Governor's 2021-22 proposed Budget includes securitizing approximately \$1 billion of future revenue to increase the pace and scale of electric vehicle and hydrogen fueling to meet the state's accelerated climate change goals, such as the Executive Order setting a target for 100 percent of in-state sales of new passenger cars and trucks to be zero emission vehicles by 2035. The Governor's 2021-22 proposed Budget also includes \$465 million in one-time spending from Cap-and-Trade funds for consumer access to these vehicles, including medium- and heavy-duty vehicles, and off-road equipment.