



To: RCRC Supervisors and Chief Administrative Officers
From: Governmental Affairs Department
Date: June 14, 2021
Re: The Rural Rundown – 2021-22 State Budget Package

Earlier today, both houses of the Legislature approved Assembly Bill 128, the main 2021-22 State Budget bill. The State Budget Package remains woefully incomplete – the vast majority of the budget trailer bills are not yet in print and still await action, leaving nearly all of the State’s largest budget items unresolved. The \$264.1 billion state spending plan includes \$195.5 billion General Fund and total General Fund reserves equaling a record \$25.5 billion. The adopted State Budget Package also includes \$96.1 billion in total Proposition 98 spending, including \$69 billion from the General Fund, and prepays \$1 billion in general obligation bond debt to reduce required spending in future years. Finally, the State Budget Package maintains total spending below the California Constitutional appropriations limit, also known as the Gann Limit, for the 2021-22 budget year.

It should be noted that the Legislature and the Governor do not have an agreement on the State Budget Package, which leaves some uncertainty as to the Governor’s position on the proposed spending plan. However, the passage of AB 128 meets the California Constitutional requirement for the Legislature to pass a state budget by the June 15, 2021 deadline. Over the next several days and weeks, it is expected the unresolved issues will be considered and adopted. Items of note not included in the adopted State Budget Package, but expected or already in print in upcoming trailer bills:

- A Cap-and-Trade Expenditure Plan to prescribe how proceeds from the State’s carbon credits auction will be spent in the 2021-22 budget year;
- A \$35 million allocation to the Secretary of State to support statewide and county costs related to the 2021 gubernatorial recall election;
- Continuation of In-Home Supportive Services county sharing ratio at 65 percent state and 35 percent county and the 10 percent over three years option;
- A long-term prison infrastructure investment and prison closure plan for the California Department of Corrections and Rehabilitation;
- A multi-part plan to address the impacts of court-ordered debt, including adopting placeholder trailer bill language for (1) eliminating a new set of criminal justice administrative fees and the civil assessment fee, with an ongoing backfill for county and court revenue losses; and, (2) determining the allocation of the \$65 million backfill provided to counties for five years pursuant to Assembly Bill 1869, the 2020

budget trailer bill that eliminated approximately two dozen criminal justice administrative fees;

- Potential expansion of pretrial services pilot programs statewide, which were included in the Governor's May Revision; and,
- Funding for a gray wolf conflict compensation pilot program and feasibility study.

Major Funding Packages to be Determined in Future Trailer Bills

A number of major funding allocation packages have yet to be specified by the Legislature and are still under negotiation with the Administration. How these funds will be allocated will be determined in future budget trailer bills, and many are of importance to RCRC member counties, including broadband infrastructure, wildfire prevention and forest resilience, drought resilience, and a circular economy package. The major allocations still under negotiation include:

- \$1 billion in one-time funds from the American Rescue Plan Act for a \$7 billion package for broadband infrastructure. The Legislature's proposal makes full funding contingent on an annual appropriation and lacks details on how monies will be directed. RCRC continues to support the Governor's proposal that constructs a state-funded middle-mile infrastructure, as well as creates additional funding and opportunity for municipal fiber to the home connectivity for underserved areas.
- \$1 billion from the General Fund for a wildfire prevention and forest resilience package. The Legislature's proposal goes above and beyond the \$708 million proposed in the Governor's May Revision. RCRC continues to advocate for funding for local fire prevention programs, including block grants to counties for community fuel reduction projects.
- \$1.9 billion from the General Fund, \$1.5 billion from the Coronavirus Fiscal Recovery Fund of 2021, \$7 million from the Water Quality, Supply, and Infrastructure Improvement Fund of 2014, and \$3.5 million from the Safe Drinking Water Account for a water and drought resilience package.
- \$130 million from the General Fund for a circular economy package. This funding is anticipated to help increase infrastructure capacity to process and recycle solid and organic waste to achieve the state's ambitious source reduction, reuse, and recycling goals, although the details will be worked out at a later date. RCRC has been working with the California State Association of Counties and the League of California Cities to secure state funding for organic waste infrastructure and are requesting an additional \$200 million to help local governments develop and implement new SB 1383 organic waste recycling programs.
- \$750 million in one-time funds from the Coronavirus Fiscal Recovery Fund of 2021 and \$332 million in one-time funds from the General Fund for a labor and workforce development package.
- \$703.4 million from the General Fund and \$42.6 million from the Air Pollution Control Fund for an agriculture package.
- \$328 million from the General Fund for a \$1.5 billion Clean California package to clean up around the State's highways and underpasses.
- \$835 million from the General Fund for an energy package.
- \$1.87 billion from the General Fund, \$27 million from the Federal Trust Fund, \$280 million from the Public Transportation Account in the State Transportation Fund,

and \$86 million from the Air Pollution Control Fund for a zero-emission vehicles package.

- \$1.2 billion from the General Fund for a climate resilience package.
- \$74.1 million from the General Fund and \$3.1 million from the California Environmental License Plate Fund for the California Outdoors for All Initiative.
- \$250 million from the General Fund for local parks grants.
- \$200 million from the General Fund for an anti-hate crime package.
- \$200 million from the Coronavirus Fiscal Recovery Fund of 2021 for a youth workforce development program.
- \$4 billion in one-time funds from the General Fund for supporting affordable student housing projects for the University of California, the California State University, and the California Community Colleges, as well as for support of campus expansions for the University of California and the California State University.
- \$4.7 million from the General Fund for a climate-related service program.
- \$1 billion from the Coronavirus Fiscal Recovery Fund of 2021 for water arrearage debt relief. (Assembly Bill 128)

Key Issues Included in the State Budget Package

A number of key issues to RCRC member counties were addressed in some fashion in the State Budget Package passed today, including homelessness, investment in fairgrounds, and creation of a Cannabis Local Jurisdiction Assistance Grant program. Some of the funding categories are still contingent on the passage of future budget trailer bills to expand on programmatic changes.

Homelessness. The State Budget Package includes \$10.6 billion over four years, with approximately \$8.6 billion over two years, including \$1.2 billion in one-time American Rescue Plan Act funds for Project Homekey and \$1 billion General Fund for flexible local aid. The Legislature's plan also includes \$5.6 million in funding for the Homelessness Coordinating and Financing Council to do a homelessness gaps and needs analysis. The Legislature's proposal will require additional legislation to implement the details of how the funding can be utilized.

Public Health. Despite the State's continued response to the pandemic, the Governor's May Revision did not include funding for public health workforce or infrastructure. The Legislature prioritized investment into public health and included \$200 million annually for Local Health Jurisdictions and \$35 million annually for public health workforce development in the State Budget Package. RCRC is part of the CA Can't Wait Coalition advocating for the inclusion of a \$200 million ongoing investment for local health departments as contained within AB 128 in the final enacted budget.

Investment in Community Resilience Centers Including Fairgrounds. The State Budget Package includes \$150 million in one-time General Fund for the Department of Food and Agriculture to support the enhancement of community resilience centers. This funding will 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. 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.

Increased Staffing for Enforcement and Development of New Regulations at the California Department of Resources Recycling and Recovery (CalRecycle). The State Budget Package adds nine new positions and redirects 38 existing staff (69 percent of the current unit) from the Local Assistance and Market Development Branch to the Waste Permitting, Compliance and Mitigation Division. These staff will be focused on enforcement activities related to the new SB 1383 Organic Waste Recycling regulation, which will likely focus heavily on local government efforts to comply with and implement the new law. The State Budget Package also authorizes CalRecycle to hire an additional five personnel who will constitute a new Regulations Development Unit that will help the department develop new regulations. Together, these two changes will cost roughly \$2 million annually.

Cannabis Local Jurisdiction Assistance Grant Program. The State Budget Package includes the Governor's \$100 million in one-time General Fund proposal to create a Local Jurisdiction Assistance Grant Program for cannabis targeting 17 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. Below are the RCRC member counties called out in the State Budget Package as counties eligible for the grant and their respective grant allocation.

- Humboldt County: \$18,635,137
- Lake County: \$2,101,143
- Mendocino County: \$18,084,837
- Monterey County: \$1,737,035
- Nevada County: \$1,221,188
- Sonoma County: \$1,158,023
- Trinity County: \$3,295,102

California Disaster Assistance Act. The State Budget Package includes \$162.6 million in funding available through the California Disaster Assistance Act (CDAA). 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.

Office of Youth and Community Restoration. The Legislature's budget plan increases funding to \$30 million (as compared to approximately \$7 million in the Governor's May Revision) in support of the Office of Youth and Community Restoration, which – pursuant to the provisions in the 2020 Department of Juvenile Justice Realignment– will be established on July 1, 2021, within the State's Health and Human Services Agency. Related actions include adoption of placeholder trailer bill language to clarify and expand the role and duties of the office with respect to juvenile justice system oversight.

Major Investments in Capital Outlay and Deferred Maintenance. The State Budget Package approves hundreds of millions of dollars for capital outlay and deferred maintenance projects at many state facilities. Many of those projects previously described on pages 12-13 of the Rural Rundown (May 14, 2021) are located in RCRC member

counties and include repairs and new construction at court, correctional, parks, California Highway Patrol, CAL FIRE, and the Department of State Hospitals facilities.

Williamson Act. The State Budget Package includes \$1,000 for the Open Space Subvention Program, which is the lowest possible dollar figure that allows the program to remain in the State Budget Package.

State Payment in Lieu of Taxes. The State Budget Package maintains the \$644,000 in funding to the Payment in Lieu of Taxes program from previous years. Not included was funding for the approximately \$8 million accumulated over several budget cycles in the 2000's.

State Mandates. The State Budget Package maintains suspensions of mandates that are not related to law enforcement or property taxes, consistent with previous years' State Budgets, providing \$45.6 million General Fund for a select list of funded mandates. The State Budget Package also includes \$4 million to continue the county-optional block grant program for activities identified as reimbursable state mandates in the Interagency Child Abuse and Neglect Investigation Reports (CSM-00-TC-22) mandate.

Please feel free to contact any staff member of the RCRC Governmental Affairs Department with any questions or concerns. Additional state budget information will be discussed during the June 17th RCRC Board of Directors meeting.

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