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Governor's 2023-2024 January Budget

January 10, 2023

Given the significant decline in state revenues, Governor Newsom released his well-anticipated budget this morning that attempts to maintain the major infrastructure and climate investments from last year's surplus while accounting for the declining revenues. In his press conference, the Governor attributed much of the decline to high inflation, multiple federal reserve bank interest rate increases, progressive income tax structure, and further stock market declines. The Governor's budget forecasts General Fund revenues will be \$29.5 billion lower than at the 2022 Budget Act projections, and California now faces an estimated budget gap of \$22.5 billion in the 2023-24 fiscal year. The plan introduced this morning proposes to close the projected shortfall by implementing funding delays, program reductions, and shifting funds to future years.

A few highlights from the Governor's budget include significant investments in universal transitional kindergarten, homelessness, and housing supply, expanding Medi-Cal, drought and flood preparation, combatting fentanyl, and supporting economic development throughout the state.

Public Safety

- **Combating Organized Retail Theft and Other Crimes**—The Budget sustains \$564.4 million General Fund over three years to bolster local law enforcement efforts to address retail theft and other crimes. These investments help local law enforcement agencies implement anti-theft task forces, improve prosecution, expand Department of Justice and California Highway Patrol anti-crime and retail theft task forces, expand drug interdiction and combat fentanyl prevalence, improve emergency response times, combat human trafficking and child sexual exploitation, support programs to remove and dispose of firearms and provides resources to research to inform policies that address the ever-evolving firearms market.
- **Reversing Opioid Overdoses**—An increase of \$3.5 million ongoing Proposition 98 General Fund for all middle and high school sites to maintain at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus for emergency aid.
- **Opioid and Fentanyl Response**—The Budget includes an additional \$93 million in Opioid Settlement Fund over four years beginning in 2023-24 to support youth- and fentanyl-focused investments for the Department of Health Care Services and for the Department of Public Health as follows: 1) \$79 million for the Naloxone Distribution Project to increase distribution to first responders, law enforcement, community-based organizations, and county agencies. 2) \$10 million for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement Chapter 783, Statutes of 2022 (AB 2365). 3) \$4 million to support innovative approaches to make fentanyl test strips and naloxone more widely available.

- **Community Assistance, Recovery, and Empowerment (CARE) Act**—The 2022 Budget Act included \$6.1 million in 2022-23 and \$37.7 million ongoing for the Judicial Branch to implement the CARE Act (Chapter 319, Statutes of 2022). The Budget reduces this funding by \$13.9 million General Fund in 2023-24 and increases funding by \$12.9 million in 2024-25, and \$30.9 million ongoing.
- **Juror Compensation (AB 1981)**—\$19 million General Fund in 2023-24, \$17.5 million in 2024-25, and \$4.2 million ongoing to expand juror mileage and public transit reimbursements, and to conduct a pilot program in at least six courts to study the 2023-24 impact of increased juror compensation on juror diversity and participation, pursuant to Chapter 326, Statutes of 2021 (AB 1981).
- **DJJ Closure**—The 2022 Budget Act included \$100 million General Fund for grants to support improvements to county-operated juvenile facilities to make these locations more conducive to serving justice-involved youth with a wide range of needs, with a focus on supporting trauma-informed care, restorative justice, and rehabilitative programming. The Budget reflects a decrease of \$95.8 million ongoing (\$93 million General Fund and \$2.8 various funds) associated with the closure of DJJ.
- **Raising Awareness on Gun Violence Restraining Orders** —\$11 million one-time General Fund was allocated for the Office of Emergency Services to facilitate education and training efforts related to gun violence restraining orders.
- **California Internet Crimes Against Children Task Force**—\$15 million one-time General Fund was invested over three years to continue the existing level of funding for this program.
- **Post Release Community Supervision**—The Post Release Community Supervision Act of 2011 authorized CDCR to release certain incarcerated individuals to county supervision. The state provides funding to those counties. The Department of Finance estimates \$8.2 million General Fund will be allocated to counties for this purpose in 2023-24.
- **Community Corrections Performance Incentive Grant**—Consistent with the 2022 Budget Act, the Budget continues a total of \$123.8 million General Fund in 2023-24 to provide county probation departments with a consistent level of funding based on prior performance, so county probation departments are not unduly impacted by the lingering effects of the COVID-19 Pandemic on probation populations, law enforcement practices, or court processes.
- **Board of State and Community Corrections**—\$50 million one-time General Fund reduction to the Public Defender Pilot program in 2023-24, due to declining General Fund revenues.
- **Supportive Services for Victims**—\$1.8 million ongoing General Fund was provided to deliver services to victims throughout CDCR’s parole hearing process and to survivors of those killed in officer-involved shootings investigated by the Department of Justice.
- **Bureau of Forensic Services**—\$53.4 million ongoing General Fund to continue backfilling a decline in fine and fee revenue to the DNA Identification Fund.
- **Unserialized Firearms (AB 1621)**—\$2.8 million General Fund in 2023-24, \$2.5 million in 2024-25, and \$1.2 million ongoing, to regulate the sale, transfer, possession, and manufacturing of unserialized firearm precursor parts pursuant to Chapter 76, Statutes of 2022.

- **Crimes: Race-Blind Charging (AB 2778)**—\$817,000 General Fund in 2023-24, and \$2.4 million ongoing, to collaborate with local jurisdictions, develop guidelines and policies for race-blind charging, perform document redaction, and review additional criminal cases.
- **Criminal Procedures: Discrimination (AB 256)**—\$2.2 million General Fund in 2023-24, \$2.1 million in 2024-25, and \$848,000 in 2025-26 and 2026-27, to address increased litigation-related workload associated with increased appeals for past convictions pursuant to Chapter 739, Statutes of 2022.
- **Board of State and Community Corrections**—\$83.9 million Cannabis Tax Fund is allocated to the Board of State and Community Corrections through Allocation 3 to award grants to local governments to assist with law enforcement, fire protection, or other local programs addressing public health and safety associated with the implementation of the Control, Regulate and Tax Adult Use of Marijuana Act.
- **California Department of Tax and Fee Administration**—A portion of \$10 million Cannabis Control Fund will be allocated to the California Department of Tax and Fee Administration to support its cannabis tax enforcement program.

Climate & Resources

The 2021 and 2022 Budget Acts allocated approximately \$54 billion over five years to advance the state's climate agenda. The Budget maintains approximately \$48 billion (89 percent) of these investments and continues to prioritize equity and investments in priority populations, which face disproportionate harm from pollution and the climate crisis.

- The Budget includes \$14.6 million Oil, Gas, and Geothermal Administrative Fund in 2023-24, \$20 million in 2024-25 and \$19.6 million ongoing across several departments to implement SB 1137 - the oil well set back legislation from 2022.
- The Budget includes \$7.6 million General Fund and Cost of Implementation Account in 2023-24 and \$5 million ongoing to support implementation of the nature-based solutions program that was funded in last year's budget.
- The Budget includes \$4 million from various funds (General Fund, Cost of Implementation Account, Greenhouse Gas Reduction Fund, and Public Utilities Commission Utilities 2023-24 Reimbursement Account) in 2023-24, and additional ongoing funds, across multiple agencies to support implementation of a clean electric grid.
- **Klamath Dam Removal:** The Budget includes \$2 million General Fund in 2023-24 and \$1.3 million ongoing and five permanent positions for the Department of Fish and Wildlife to establish two new programs to support the protection and management of fish and wildlife, recreational opportunities, and collaborative Tribal partnerships before, during, and after dam removal.
- **Zero Emission Vehicle (ZEV) Funding:** The Budget maintains \$8.9 billion (89 percent) of ZEV investments with a focus on communities that are the most affected. This includes targeted investments in disadvantaged and low-income communities by increasing access to the benefits

of clean transportation and by continuing to decarbonize California's transportation sector and improve public health. The Budget includes \$2.5 billion of General Fund reductions across various ZEV programs, which are partially offset by approximately \$1.4 billion in fund shifts to Cap-and-Trade funds. Further, the Administration will pursue additional federal funding to help offset the decrease in state funds.

- **Equitable Zero-Emission Vehicles and Infrastructure**—A reduction of \$745 million General Fund, which is partially offset by a shift of \$535 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$2.1 billion (91 percent) for programs that expand affordable and convenient ZEV infrastructure access in low-income neighborhoods.
- **Heavy-Duty Zero-Emission Vehicles and Supporting Infrastructure**—A reduction of \$1.5 billion General Fund, which is partially offset by a shift of \$839 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$5.3 billion (89 percent) for programs that support drayage, transit and school busses, and port ZEVs and infrastructure.
- **Zero-Emission Mobility**—A reduction of \$184 million General Fund, which is partially offset by a shift of \$25 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$180 million (53 percent) for sustainable community-based transportation equity projects that increase access to zero-emission mobility in low-income communities.
- **Emerging Opportunities and Federal Programs**—A reduction of \$133 million General Fund, which is partially offset by a shift of \$40 million to the Greenhouse Gas Reduction Fund.
- **State Conservancy Nature-Based Solutions**—A reduction of \$100 million General Fund in 2023-24. This maintains approximately \$130 million (57 percent) of state conservancy nature-based solutions funding and \$662 million (87 percent) of all state conservancy funding within other areas of the budget.
- **Natural Community Conservation Program Planning and Land Acquisition**—A reduction of \$6 million General Fund in 2022-23. This maintains approximately \$30 million (83 percent) of program funding.
- **Climate Smart Land Management Program**—A reduction of \$4 million General Fund in 2022-23. This maintains approximately \$16 million (80 percent) of program funding.
- **Ocean Protection**—A reduction of \$69 million in 2023-24 and \$10 million in 2024-25 across various ocean protection programs administered by the Ocean Protection Council. This maintains approximately \$139 million (64 percent) for this purpose.
- **Coastal Protection and Adaptation**—A reduction of \$175 million in 2022-23, \$297 million in 2023-24 and \$9 million in 2024-25 across various coastal protection and adaptation programs administered by the State Coastal Conservancy. This maintains approximately \$582 million (55 percent) for this purpose.

Energy

The Budget maintains \$7 billion (89 percent) of last year's investments, and proposes an initial allocation of the \$100 million in 2023-24 from SB 846 Clean Energy Reliability Investment Plan funds for reliability and enabling investments that will accelerate the clean energy transition. The 2023-24 Governor's Budget proposes \$897 million General Fund in reductions and \$370 million General Fund in delays to future years. If there is sufficient General Fund in January 2024, up to \$410 million of these reductions will be restored

- **Long Duration Energy Storage**—A reduction of \$50 million in 2023-24 from the Long Duration Energy Storage Program at the California Energy Commission (CEC). This maintains approximately \$330 million (87 percent) for support of long-duration energy storage projects that will help with the state's energy transition.
- **Carbon Removal**—A reduction of \$25 million in 2023-24 from the Carbon Removal Program at the CEC. This maintains approximately \$75 million (75 percent) for projects that support the removal of carbon.
- **Transmission Financing**—A reduction of \$25 million in 2023-24 from the Transmission Financing Program at the California Infrastructure Bank. This maintains approximately \$225 million (90 percent) for financing support of new energy transmission projects
- **Industrial Grid Support and Decarbonization**—A reduction of \$10 million in 2022-23 from the Industrial Grid Support and Decarbonization at the CEC. This maintains approximately \$90 million (90 percent) for projects that support decarbonization of the industrial sector and provide grid support.
- **Equitable Building Decarbonization**—A delay of \$370 million of funds in the current year and the budget year to future years for the Equitable Building Decarbonization Program at the CEC. In addition, a reduction of \$87 million is planned for 2025-26 for this program. This maintains approximately \$835 million (91 percent) for support of projects reducing greenhouse gas emissions in homes and advancing energy equity.
- **Climate Innovation Program**—A delay of \$150 million of funds in the current year and the budget year to 2026-27 for the Climate Innovation Program at the CEC.

Wildfire Prevention

The 2021 and 2022 Budget Acts committed \$2.8 billion over four years to continue strengthening forest and wildfire resilience statewide. The Budget maintains \$2.7 billion (97 percent) of funding to advance critical investments in forest health and fire prevention to continue to reduce the risk of catastrophic wildfires, as well as resources for fire protection in the state's wildfire response. The Budget includes \$91 million in General Fund reductions across various programs, which are partially offset by a \$14 million shift to Proposition 98.

- **Climate Catalyst Fund**—A reduction of \$10 million General Fund in 2020-21 and \$31 million in 2021-22. This maintains approximately \$8 million (16 percent) to support the Climate Catalyst Fund.
- **Stewardship of State-Owned Lands**—A reduction of \$10 million General Fund in 2022-23 and \$15 million in 2023-24. This maintains approximately \$280 million (92 percent) for resilient forests and landscapes on state-owned lands.
- **Defensible Space Inspections**—A reduction of \$5 million General Fund in 2023-24. This maintains approximately \$20 million (80 percent) to support defensible space inspections.
- **Monitoring and Research**—A reduction of \$5 million General Fund in 2023-24. This maintains approximately \$33 million (87 percent) to support monitoring and research.
- **Workforce Training**—A reduction of \$15 million General Fund in 2023-24, which is partially offset by a shift of \$14 million to Proposition 98 for similar purposes. This maintains approximately \$53 million (98 percent) to support workforce training.

[Water and Drought Response](#)

The 2021 and 2022 Budget Acts committed \$8.7 billion over multiple years to support drought resilience and response designed to help communities and fish and wildlife avoid immediate negative impacts as a result of extreme drought, while continuing to advance projects and programs that prepare the state to be more resilient to future droughts and floods. The Budget maintains \$8.6 billion (98 percent) of previously committed funding to minimize the immediate economic and environmental damage from the current drought and support hundreds of local water projects to prepare for and be more resilient to future droughts.

- **Urban Flood Risk Reduction**—\$135.5 million General Fund over two years to support local agencies working to reduce urban flood risk.
- **Delta Levees**—\$40.6 million General Fund for ongoing Delta projects that reduce risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.
- **Central Valley Flood Protection**—\$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.
- **2023 Drought Contingency**—\$125 million General Fund one-time as a drought contingency set-aside to be allocated as part of the spring budget process, when additional water data will be available to inform future drought needs.
- **Planning and Permitting for New Water Supplies**—\$4.7 million Waste Discharge Permit Fund in 2023-24, and \$5.7 million Waste Discharge Permit Fund and \$408,000 Safe Drinking Water Account ongoing to support planning and permitting for projects that produce new water supplies.

- **Modernizing Water Rights**—\$31.5 million General Fund one-time in 2023-24 to continue development of the Updating Water Rights Data for California Project to enhance California’s water management capabilities.
- **Urban Water Use Objectives**—\$7 million General Fund over four years to implement Chapter 679, Statutes of 2022, (SB 1157), which established a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts. This approach is based on water use efficiency standards for certain categories of water use, including indoor residential water use.
- **San Joaquin River Basin Groundwater Recharge: Water Availability Analysis and Technical Assistance**—\$4.9 million General Fund over five years to continue to provide local water districts methodologies and tools to conduct water availability analyses, which will help facilitate groundwater recharge, one of the core pillars of the Water Supply Strategy.
- **Stream Gages**—\$4.7 million General Fund over two years to begin reactivation of historical stream gages, consistent with the SB 19 Stream Gaging Prioritization Plan and as called for in the Water Supply Strategy.
- **Watershed Resilience Programs**—A reduction of \$24 million General Fund in 2023-24 and a delay of an additional \$270 million General Fund to 2024-25. This maintains approximately \$470 million (95 percent) across various watershed resilience programs.
- **Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Cleanup**—A reduction of \$70 million General Fund in 2023-24 and a delay of an additional \$30 million General Fund to 2024-25. This maintains approximately \$130 million (65 percent) of PFAS cleanup resources.
- **Water Recycling**—A reduction of \$40 million General Fund in 2023-24. This maintains approximately \$760 million (95 percent) to support water recycling and groundwater clean-up.
- **State Water Efficiency and Enhancement Program**—A reduction of \$40 million General Fund in 2022-23. This maintains approximately \$120 million (75 percent) to support farm water use efficiency projects.
- **Aqueduct Solar Panels**—A reduction of \$15 million General Fund in 2021-22. This maintains approximately \$20 million (57 percent) to support aqueduct solar panel pilot studies.
- **Water Refilling Stations at Schools**—A reduction of \$5 million General Fund in 2022-23, which eliminates funding for this purpose.

Extreme Heat

- **Urban Greening Program**—A reduction of \$100 million General Fund in 2023-24. This maintains approximately \$150 million (60 percent) for this program.
- **Extreme Heat and Community Resilience Program**—A reduction of \$25 million General Fund in 2022-23 and \$50 million in 2023-24. This maintains approximately \$100 million (57 percent) for this program.
- **Urban Forestry Program**—A reduction of \$20 million General Fund in 2022-23 and \$10 million in 2023-24. This maintains approximately \$80 million (73 percent) for this program.

- **Community Resilience Centers**—A delay of \$85 million General Fund to 2024-25. This program remains fully funded, but the funds would be provided later than initially allocated.
- **Regional Climate Resilience**—A reduction of \$25 million General Fund in 2022-23 and \$100 million in 2023-24. This maintains approximately \$125 million (50 percent) for this program.
- **Transformative Climate Communities Program**—A reduction of \$65 million General Fund in 2022-23 and \$40 million in 2023-24. This maintains approximately \$315 million (75 percent) for this program.
- **Community Air Protection Program**—A reduction of \$50 million in 2023-24 for this program, which includes a shift of \$250 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$560 million (92 percent) for this program.

Health and Human Services

- **Expanding Health Care Access and Delivery System Transformation**—The Budget maintains \$844.5 million (\$635.3 million General Fund) in 2023-24, \$2.1 billion (\$1.6 billion General Fund) in 2024-25, and approximately \$2.5 billion (\$2 billion General Fund) ongoing, inclusive of In-Home Supportive Services costs, to expand full-scope Medi-Cal eligibility to all income-eligible adults ages 26 to 49 regardless of immigration status on January 1, 2024. Additionally, the Budget maintains the approximately \$10 billion total funds commitment to continue transforming the health care delivery system through California Advancing and Innovating Medi-Cal (CalAIM).
- **Behavioral Health Continuum**—The Budget maintains over \$8 billion total funds across various Health and Human Services departments to expand the continuum of behavioral health treatment and infrastructure capacity and transform the system for providing behavioral health services to children and youth.
- **Community Assistance, Recovery & Empowerment (CARE) Act**—The Budget maintains \$88.3 million General Fund for county start up and state implementation and proposes additional funding for ongoing costs.
- **Child Care**—The state reached an historic agreement with Child Care Providers United – California to collectively bargain reimbursement rate increases. The Budget maintains over \$2 billion annually to expand subsidized child care slot availability.
- **Public Health Infrastructure Investment**—The Budget maintains \$300 million ongoing General Fund to modernize state and local public health infrastructure and transition to a resilient public health system. Of this amount, \$100 million General Fund supports increased state public health capacity in foundational public health areas such as emergency preparedness and response and workforce development and training. The remaining \$200 million General Fund is for local health jurisdictions to expand public health staffing and reduce health disparities.
- **Healthcare Workforce**—The Budget maintains over \$1 billion General Fund to the Department of Health Care Access and Information (HCAI) to strengthen and expand the state’s health and human services workforce.

- **California’s Behavioral Health Community-Based Continuum Demonstration**—The Budget includes \$6.1 billion (\$314 million General Fund, \$175 million Mental Health Services Fund, \$2.1 billion Medi-Cal County Behavioral Health Fund, and \$3.5 billion federal funds) over five years for the Department of Health Care Services and the Department of Social Services to implement the Behavioral Health Community-Based Continuum Demonstration, effective January 1, 2024.
- **Managed Care Organization Tax**—The Budget proposes the renewal of the Managed Care Organization (MCO) Tax effective January 1, 2024, through December 31, 2026, to help maintain Medi-Cal program funding for the Medi-Cal expansion to all income eligible individuals and minimize the need for reductions to the program.
- **Reproductive Health Services 1115 Waiver**—The Budget includes \$200 million (\$15 million General Fund) in 2024-25 for a grant program through an 1115 federal demonstration waiver focused on supporting access to family planning and related services, system transformation, capacity, and sustainability of California’s safety net. This funding builds on the 2022 Budget Act investments for reproductive health services and continues California’s progress to provide comprehensive family planning and related services as California grapples with the effects of recent federal actions.
- **CalAIM Transitional Rent Waiver Amendment**—The Budget includes \$17.9 million (\$6.3 million General Fund) in 2025-26 increasing to \$116.6 million (\$40.8 million General Fund) at full implementation to allow up to six months of rent or temporary housing to eligible individuals experiencing homelessness or at risk of homelessness and transitioning out of institutional levels of care, a correctional facility, or the foster care system and who are at risk of inpatient hospitalization or emergency department visits.
- **Community Assistance, Recovery & Empowerment (CARE) Act**—The Budget includes \$16.5 million General Fund in 2023-24, \$66.5 million General Fund in 2024-25, \$108.5 million in 2025-26 and annually thereafter to support estimated county behavioral health department costs for the CARE Act (Chapter 319, Statutes of 2022). The Act requires Cohort I counties to implement the CARE program beginning October 2023 and Cohort II counties beginning December 2024. The Administration will continue to work with counties and stakeholders to refine the ongoing program cost estimate. For Judicial Branch and legal services funding, see the Judicial Branch Chapter.
- **Behavioral Health Bridge Housing Program**—The Budget delays \$250 million General Fund of the total \$1.5 billion General Fund to 2024-25 for the Behavioral Health Bridge Housing Program. The Budget maintains a \$1 billion General Fund in 2022-23 and \$250 million General Fund in 2023-24 for this program.
- **Behavioral Health Continuum Infrastructure Program**—The Budget delays the last round of behavioral health continuum capacity funding of \$480.7 million General Fund appropriated in the 2022 Budget Act for 2022-23 to \$240.4 million in 2024-25 and \$240.3 million in 2025-26
- **Emergency Response and SMARTER Plan Implementation**—The Budget reflects \$176.6 million General Fund in 2023-24 to continue the state’s efforts to protect the public’s health against COVID-19, consistent with the Administration’s SMARTER Plan, and maintain significant

information technology systems, including the California COVID Reporting System for laboratory data management and CalCONNECT for case and outbreak investigation.

- **Current Year 2022-23 COVID-19 Response**—The Budget assumes reduced COVID-19 direct response expenditures of approximately \$614 million California Emergency Relief Fund in 2022-23 compared to the 2022 Budget Act. The decrease is driven in part by reduced response activities since the peak of the COVID-19 Pandemic.
- **Public Health Climate and Health Resilience Planning**—The Budget reduces \$25 million General Fund in 2022-23 for Climate and Health Resilience Planning Grants. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction and Climate Change Chapters for further information.
- **Partial Public Health Workforce Reductions**—The Budget reduces funding for various public health workforce training and development programs by \$49.8 million General Fund over four years to help address the budgetary problem.

Housing and Homelessness

Governor Gavin Newsom makes it clear that accountability is fundamental as it pertains to his proposed \$15.3 billion homelessness package. The budget proposal states that California, cities, and counties must plan for more than 2.5 million homes over the next eight years.

The 2023 proposed budget includes \$350 million in *reductions* related to housing programs that were included as part of the 2022 Budget Act. Despite these reductions, funding for these housing programs remains at approximately 88 percent of the allocations made in 2022-23 and proposed for 2023-24 (\$2.85 billion). If there is sufficient General Fund in January 2024, these reductions will be restored.

The 2023 proposed budget includes:

- **\$3.4 billion**— General Fund in 2023-24 to maintain the state’s efforts to address homelessness, as committed to in prior budgets.
- **\$400 million**— for a third round of encampment resolution grants
- **\$1 billion**— for a fifth round of HHAP grants, conditional on proposed statutory changes requiring greater accountability in the planning and expenditure of these critical homelessness resources.
- Maintains funding for the Behavioral Health Bridge Housing Program (for more information, see the Health and Human Services Chapter)
- **Dream For All**—The Budget proposes to revert \$200 million of the \$500 million one-time General Fund in 2023-24. This proposal will not impact the Administration’s commitment or timeline for implementing the program.

- **CalHome**—The 2022 Budget Act included \$350 million one-time General Fund (\$250 million in the 2022 Budget Act and \$100 million committed for 2023-24) for the Department of Housing and Community Development’s CalHome program. The Budget proposes to remove \$100 million one-time General Fund in 2023-24.
- **Accessory Dwelling Unit Program**—The 2022 Budget Act included a \$50 million one-time General Fund for the California Housing Finance Agency’s Accessory Dwelling Unit program. The Budget proposes to revert \$ 50 million one-time General Fund in 2022-23.
- **Homeless Housing, Assistance and Prevention (HHAP) Program**—The Administration has provided \$3 billion to local governments through four rounds of the (HHAP) Program. A newly enacted requirement within HHAP requires local governments to submit local action plans that reflect outcome goals that grantees commit to achieving over the specified funding period. The first iteration of these plans made clear that more ambition is required—and more directly from the state is necessary. Accordingly, the Administration plans to work with the Legislature this year to advance homeless accountability legislation.

Transportation

The Budget proposes a net reduction of \$2 billion over three years to future transit infrastructure funding. Despite the proposed reduction, California will continue to benefit from not only the large increase in federal funding but the remaining \$5.7 billion augmentation to transit and rail infrastructure funding, maintaining California’s ability to strongly compete for and leverage available federal funding and make significant improvements to transit and rail connectivity statewide. The Administration also continues to seek opportunities to streamline and accelerate project delivery.

- **Transit Intercity Rail Capital Program**—A reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in each of 2024-25 and 2025-26. These funds are set to be allocated proportionally, by region, based on population. This maintains approximately \$5.7 billion (74 percent) of the original \$7.7 billion planned additional funds for local transit capital infrastructure projects. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction Chapter for further information on this trigger.
- **Active Transportation Program**—A reduction of \$500 million General Fund, with \$300 million of the reduction being restored from State Highway Account funds, for a net reduction of \$200 million. This will allow the program to sustain all of the programming capacity approved in the 2023 programming cycle. This maintains approximately \$850 million (81 percent) of the original \$1.05 billion of additional funds for projects that increase the proportion of trips accomplished by walking or biking and increase the safety and mobility of non-motorized users.
- **Climate Adaptation Program**—A shift of \$200 million General Fund with \$200 million State Highway Account funding, leaving unaffected the project funding that supports climate resiliency and reduces infrastructure risk.

- **Safety Grade Separations**—A delay of \$350 million of funding originally planned to be available in 2023-24, which will instead be made available in 2025-26. Given the multi-year nature of these types of projects, this shift should not significantly impact the ability to deliver the same number of originally planned projects that improve safety for people walking, biking, and driving at rail crossings.

Labor and Workforce Development

The 2022 Budget invested approximately \$2.2 billion General Fund to create additional apprenticeships; provide training to mitigate the effects of climate change; provide job training and other assistance to the justice-involved population; and create more innovative and accessible opportunities to recruit, train, hire, and advance an ethnically and culturally inclusive health and human services workforce. Even with the reductions noted below that are required to address the budget problem, the Budget maintains \$2.065 billion for these purposes:

- **COVID Workplace Outreach Program**—The 2022 Budget Act committed \$50 million General Fund over two years (\$25 million in each 2022-23 and 2023-24) to the Department of Industrial Relations to partner with organizations to perform COVID outreach and education to workers and employers in high-risk industries. The Budget proposes the elimination of \$25 million in 2023-24.
- **California Youth Leadership Program**—The 2022 Budget Act committed \$60 million General Fund over three years (\$20 million in each 2022-23, 2023-24, and 2024-25) to the California Workforce Development Board to invest in career pathway programs at community colleges. The Budget proposes to withdraw \$20 million (\$10 million in each 2023-24 and 2024-25)—reducing the total three-year investment to \$40 million. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction Chapter for further information on this trigger.
- **California Climate Action Corps**—The Budget proposes \$4.7 million General Fund in 2023-24 through 2025-26, and \$9.4 million ongoing to make this program permanent and double the number of Climate Corps members from 115 to 230.
- **Youth Jobs Corps Program**—The Budget proposes \$78.1 million ongoing General Fund to make the CaliforniansForAll Youth Jobs Corps program permanent while providing pathways for undocumented Californians with work authorization.
- **Technical Assistance for Small Businesses**—\$6 million General Fund in 2022-23, and \$26 million ongoing, was appropriated to permanently extend the California Office of the Small Business Advocate’s Small Business Technical Assistance Program and Capital Infusion Program, and \$8 million one-time General Fund to support Women’s Business Centers
- **California Small Business COVID-19 Relief Grant Program**—The Budget proposes to remove approximately \$92 million General Fund from this program due to declining General Fund



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revenues. This is the estimated amount remaining after all grants have been awarded to eligible businesses.

- **Small Business and Nonprofit COVID-19 Supplemental Paid Sick Leave Grants**— \$250 million one-time General Fund has been appropriated for relief grants for small businesses and nonprofits to offset costs of their employees who used the state’s supplemental COVID-19 paid sick leave.
- **Small Agricultural Business Drought Relief Grant Program**—\$75 million one-time General Fund was allocated to provide direct assistance to eligible agriculture-related businesses affected by severe drought conditions
- **Film and Television Tax Credit**—\$330 million per year beginning in 2025-26 to extend the existing program and make the credit refundable to benefit a wider range of productions and ensure the competitive program will maximize economic benefits to the state.
- **The federal CHIPS (Creating Helpful Incentives to Produce Semiconductors)**— To further leverage federal funds available under the CHIPS Act and to encourage semiconductor manufacturing and research and development in California, the Budget includes an extension of the California Competes grant program and changes to the state’s existing New Employment Credit as described below.