



**2023-24 BUDGET AGREEMENT
JUNE 28, 2023**

TO: CSAC Board of Directors
County Administrative Officers

FROM: Graham Knaus, CSAC Chief Executive Officer
Jacqueline Wong-Hernandez, Chief Policy Officer

RE: **2023-24 Budget Agreement**

Yesterday, the Legislature passed 21 bills, which together comprise most of the 2023-24 budget agreement reached between Governor Gavin Newsom, the Assembly, and the Senate. You're not alone if you find this complex web of spending bills dizzying – the rough page count for the budget and pending trailer bills totals over 3,500 pages. As well reported, this budget reflects a \$310.8 billion spending plan for the 2023-24 fiscal year. This agreement also closes an estimated \$32 billion budget deficit while setting aside about \$37.8 billion in reserves.

Earlier this month, the Legislature passed its “counteroffer” to the Governor’s May Revision, SB 101 (Skinner) (Chapter No. 12, Statutes of 2023) which was signed by Governor Newsom yesterday evening. AB 102 (Ting), colloquially known as the Budget Bill Junior, along with several trailer bills, augment the Legislature’s budget (SB 101) and represent the final agreement on the state’s spending plan reached between the Administration and the Legislature.

Key county issues in the budget include:

- \$1 billion for Round 5 of the Homeless Housing, Assistance and Prevention (HHAP) Program, but no ongoing funding commitment. The budget also significantly modifies the HHAP program in ways that are consistent with the AT HOME plan including required collaboration, regional plans, and defined roles and responsibilities.
- An increase in the IHSS collective bargaining penalty from 7 percent one-time to 10 percent applied annually until a collective bargaining agreement is reached, which is opposed by CSAC and was included in the budget agreement with no public input.
- \$128.9 million in 2023-24 to support state and county activities to implement the Community Assistance, Recovery and Empowerment (CARE) Act, ramping up to nearly \$291 million in 2026-27 and annually thereafter.
- An additional \$406.5 million to update the budgeting methodology for county administration of CalFresh.

- \$250 million General Fund for county behavioral health payment reform activities.
- Renewal of the Managed Care Organization (MCO) provider tax to maintain the Medi-Cal program and support increased investments, including Medi-Cal provider rate increases and additional support for the Distressed Hospital Loan Program.
- Maintaining \$200 million in ongoing General Fund support for local public health jurisdictions to modernize infrastructure and bolster workforce investments.
- Trailer bill legislation complementing CSAC’s ongoing efforts to provide counties with a pathway to be “ready for recharge” for groundwater actions, by allowing for the safe diversion of flood flows for groundwater recharge during high water events.
- Maintaining \$8.6 billion of previous multi-year commitments on water-related funding to minimize the immediate economic and environmental damage from drought, and provides an increase of \$290 million for flood protection.
- Maintaining \$2.7 billion in funding to advance critical investments in forest health and fire prevention, and includes \$116 million for increased seasonal firefighters in the June to December months.
- \$2.4 billion in funding for transit operations and/or capital projects through the Transit and Intercity Rail Capital Program (TIRCP) and the newly created Zero Emission Transit Capital Program.

Later this week, the Legislature will consider additional trailer bills, but the process will not be completed. CSAC expects negotiations to continue on some items through the summer. Your CSAC team will continue to raise the county voice and keep you updated.

For questions about any of the issues in the budget summary, please contact [CSAC legislative staff](#).

If you would like to receive the Budget Action Bulletin electronically, please e-mail Brian Cote at bcote@counties.org.

2023-24 June Budget Deal
General Fund Budget Summary
(\$ in Millions)

	2022-23	2023-24
Total Resources	\$260,944	\$235,040
EXPENDITURES:		
Proposition 98	\$78,117	\$77,457
Proposition 28 Arts and Music Education	\$0	\$938
Non-Proposition 98	\$154,306	\$145,196
Proposition 2 Infrastructure/Deferred Maintenance	\$2,169	\$2,337
Total Expenditures	\$234,592	\$225,928
FUND BALANCE:	\$26,352	\$9,112
RESERVES:		
Reserve for Liquidation of Encumbrances	\$5,272	\$5,272
Special Fund for Economic Uncertainties	\$21,080	\$3,840
Safety Net Reserve	\$900	\$900
Budget Stabilization Account	\$22,252	\$22,252
Public School System Stabilization Account	\$9,929	\$10,831
Total Reserves	\$54,161	\$37,823

Agriculture, Environment and Natural Resources

The budget funds a number of CSAC advocacy priorities within the Agriculture, Environment, and Natural Resources portfolio, including restoration of select cuts from the January proposal which is detailed in [CSAC’s January 2023 Budget Action Bulletin](#).

The budget package focuses funding in CSAC priority areas for wildfire and forestry programs, water and flood projects, community resilience and waste management. In an attempt to encourage public works projects across the state, the Administration introduced several trailer bills addressing energy infrastructure, water and project permit streamlining, infrastructure investment and comprehensive resource management.

Flood Response, Groundwater, and Disaster Relief

Counties are facing weather whiplash, moving quickly from extreme dry years to record rainfall and snowpack. CSAC has devoted significant attention and efforts this year to support flood, drought, and snow disaster preparedness and relief, and to promote increased capture of water from the rain and snow events statewide. The budget maintains \$8.6 billion of previous multi-year commitments on water-related funding to minimize the immediate economic and environmental damage from drought with increases for flood management and disaster relief.

Flood Disaster Funding and Floodplain Restoration

The budget provides an increase of \$290 million for flood protection. This includes \$135 million to support local agencies working to reduce urban flood risk reduction statewide, and \$25 million to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability. The budget restores \$40 million for San Joaquin Floodplain restoration that would have been eliminated in an earlier proposal.

Flood Control Subventions

The budget includes \$75 million General Fund, in one-time time funding, for the ongoing Flood Control Subventions Program. This program supports local flood control projects, including in communities impacted by recent severe storms such as the Pajaro River Flood Risk Management Project.

Stream Gage Network Expansion

CSAC has engaged in a multi-year effort on improving water data for flood and water supply through participation and support of the state Stream Gage Technical Advisory Committee culminating with recommendations from the [Stream Gaging Prioritization Plan](#). In response, the budget includes \$26.7 million over two years for stream gages to support the plan's recommendations.

Groundwater Recharge Programs and Legislation

CSAC has diligently worked to support expedited permitting for groundwater recharge in normal years and during significant flood events. The budget includes \$293 million for various programs under the Sustainable Groundwater Management Act (SGMA). The budget also includes \$4.8 million over two years to support the State Water Resources Control Board's continued oversight role for groundwater basins deemed inadequate under the SGMA process.

Trailer bill legislation complements ongoing efforts to provide counties with a pathway to be "ready for recharge" for groundwater actions. CSAC has been collaborating with the Department of Water Resources and State Water Resources Control Board on long-term strategies to increase groundwater recharge in wet years, increase the effectiveness of recharge efforts, and cut lengthy and costly permit processes. The budget includes legislation that would allow for the safe diversion of flood flows for groundwater recharge during high water events. The legislation focuses on capturing water for recharge by setting clear conditions for diverting floodwater without affecting water rights or permits. The budget trailer bill further adds the definition of "aquifer" to definitions related to natural infrastructure for purposes of climate adaptation strategies.

Permit Streamlining for Water Projects.

At the start of the year, CSAC supported SB 23 (Caballero) which proposed to streamline specified water projects by addressing permit timing to expedite critical flood and drought infrastructure. The final infrastructure package in part addresses streamlining projects through reform of the California Environmental Quality Act (as outlined on page 27/HLT) and Progressive Design Build authority at the Department of Water Resources. A series of recent negotiations led to the exclusion of any through-Delta Conveyance or seawater desalination facilities. *This item is part of the infrastructure package that has been agreed upon by the Legislature and Administration, however, it is still pending passage. The vote is currently scheduled for June 29, 2023*

Kings County Levees and Tulare Lake Region

The state has committed to supporting the long-term request by a local flood control district to raise the Corcoran Levee at the Tulare basin. This levee protects the City of Corcoran and other unincorporated areas of Kings County from floodwaters in the Tulare Lake region. Costs are estimated at \$17 million and will be initially funded through the California Disaster Assistance Act but may also be eligible for federal disaster aid as well. This is in addition to current disaster funding efforts underway in Tulare and other impacted counties around the Tulare Basin to expedite levee repairs, floodwater diversion, and emergency response.

Dam Safety

In 2022, CSAC joined a large coalition of local agencies, water suppliers, and emergency managers to advocate for significant improvements to overall dam safety. The budget includes a comprehensive proposal to develop a dam safety grant program, as well as a new fee structure with a 50 percent local cost to sustain the new program.

Coastal Flooding and Sea Level Rise

The budget includes \$298 million for coastal resiliency and sea level rise through the State Coastal Conservancy. The funding prioritizes \$250 million to address urgent sea-level rise adaptations and coastal resilience needs.

California Endangered Species Act Reforms

Western Joshua Tree Conservation Act

The budget includes a compromise to an ongoing dispute over how to treat the Western Joshua Tree which has been proposed to be listed under the California Endangered Species Act. The legislation provides species protection through avoidance of take, and a pathway for a process through the Fish and Game Commission to review the status of the species. Project proponents would have the option to use an in-lieu mitigation fee, with revenues to be used to address threats to the Western Joshua Tree at the landscape level.

Fully Protected Species Reclassification

The budget includes legislation to eliminate fully protected species and re-list these as threatened under the California Endangered Species Act. These include the golden eagle, trumpeter swan, white-tailed kite, northern elephant seal, ring-tailed cat, pacific right whale, and southern sea otter, among others. The purpose of the legislation is to facilitate development by allowing the Department of Fish and Wildlife to authorize incidental take while minimizing and mitigating the impacts of take. *This item is part of the infrastructure package that has been agreed upon by the Legislature and Administration, however, it is still pending passage. The vote is currently scheduled for June 29, 2023.*

Forestry and Fire Protection, Community Hardening and Disaster Assistance

The budget maintains \$2.7 billion in 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 proposal for wildfire and forest resilience.

Support for Firefighting

The budget includes \$116 million for increased seasonal firefighters in the June to December months. The budget also includes \$37 million (\$30.4 million General Fund, \$6.5 million Public Buildings Construction Fund) for continuation of construction on CalFire stations, unit headquarters, a new training center, replacement of helitack bases and improvements to air attack bases to accommodate the new CalFIRE helicopter fleet and C-130 aircraft. This is part of a multi-year proposal to improve fire infrastructure and working conditions for firefighters statewide.

Community Hardening

The budget provides \$12 million to the Office of Emergency Services for a financial assistance program to help low-income and disadvantaged homeowners as part of a community-wide home hardening program effort through June 30, 2028.

Advanced Payments for Disaster Relief

For community-based, nonprofit organizations, counties, and other units of local government that have demonstrated cashflow problems, the budget authorizes the Office of Emergency Services to provide advance payment of up to 25 percent of the grants according to the criteria set forth by the Office of Emergency Services.

Farming and Agriculture

The budget includes \$25 million to expand the current California Small Agriculture Business Drought and Flood Relief Grant Program and extends the program through January 1, 2027. This program provides direct assistance to farmers and farm businesses that have been affected by the 2023 storms.

FARMER Program

The budget includes \$75 million General Fund to the California Air Resources Board for the Funding Agricultural Replacement Measures for Emissions Reductions (FARMER) program. The program provides funding assistance through local air districts for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

Community Resilience

The budget includes a restoration of \$35 million that had been targeted for reduction earlier in the year for the Extreme Heat and Community Resilience Program which provides grants to communities seeking to build or upgrade existing facilities to serve as community resilience centers that mitigate the public health impacts of extreme heat and other emergency situations exacerbated by climate change.

The budget includes trailer bill language allowing Community Resilience Centers at the Office of Planning and Research to be eligible for the Advanced Pay Pilot which enables grant recipients to receive payment for grant-related activities in advance rather than taking on cost associated with the grant.

Waste and Recycling

To help close budget shortfalls, the budget leverages money in the Beverage Container Recycling Fund (BCRF). The budget provides a loan of \$100 million from the BCRF to the General Fund and an additional \$40 million from the BCRF to the Hazardous Control Waste Account. This funding is intended to come from resources not currently projected to be used for operational or programmatic purposes and expected to be repaid within three years.

There are no additional state resources on SB 1383 (Chapter No. 395, Statutes of 2016) implementation; however, CSAC is committed to continuing advocacy supporting counties with this state mandate given recent recommendations from the [Little Hoover Commission](#). Of the \$180 million appropriated in last year's budget to CalRecycle, \$90 million remains to be allocated to local governments.

Cannabis

The budget includes language that will establish "Type 13- Cannabis Event Organizer" licenses at the Department of Cannabis Control. Under current law, the state is authorized to issue temporary event licenses to allow the sale and/or onsite consumption of cannabis, if approved by the local jurisdiction. This new license type codifies the practice and is in line with ongoing conversations the Legislature is having about how to move forward with temporary cannabis events.

Climate Bonds Pending

In the Assembly and the Senate, conversations around bonds to finance natural resource projects continue to move through the process. It is possible that some of the investments that were reduced in this year's budget appear in a natural resources bond to place before the voters on the November 2024 ballot. At this mid-way point in the process, two bills now lead the conversation, AB 1567 (Garcia) and SB 867 (Allen). We expect to see a fully negotiated bill by Fall.

Administration of Justice

Public Safety

Juvenile Justice Realignment

With the final closure of the Department of Juvenile Justice (DJJ) on June 30, 2023, few youth remain at the state level, and nearly all have been returned to their county of commitment. While counties have advocated for additional resources for suitable placement and treatment of the remaining DJJ realignment population, the budget does not include supplemental funding for counties. Instead, the budget appropriates \$10 million to the Office of Youth and Community Restoration (OYCR) to provide technical assistance, disseminate best practices, and issue grants to counties and probation departments to improve outcomes for justice-involved youth.

The budget also includes \$3.54 million for county probation departments to provide OYCR with specific juvenile justice realignment data, such as the number of youth under county supervision, their commitment offenses, placement, and whether they were transferred to adult court, a secure youth treatment facility, or less restrictive placement – disaggregated by gender, age, and race or ethnicity. This data is required for fiscal years 2021-22, 2022-23, and 2023-24.

Public Defense Pilot Program

The budget preserves \$40 million for the third and final year of the Public Defense Pilot program established through the Budget Act of 2021, which the Governor proposed reducing by \$50 million in his January budget proposal and May Revision. This pilot has served 34 participating counties in Cohort 1, and 42 counties were approved for funding in Cohort 2. The funding assists counties with the implementation of recently signed legislation by providing a range of critical services, resources, and programs related to post-conviction relief.

Post Release Community Supervision (PRCS)

The budget includes \$9.31 million General Fund to be allocated to county probation departments in 2023-24 to supervise the temporary increase in the daily population of

individuals received from the state on PRCS, as a result of the implementation of Proposition 57, approved by the voters in 2016.

California Department of Corrections and Rehabilitation (CDCR)

Prison Closures

In September 2021, CDCR closed the Deuel Vocational Institution in Tracy, saving the state \$150.3 million General Fund annually beginning in 2022-23. In November 2022, CDCR initiated the closure of a second prison, the California Correctional Center in Susanville, which is expected to save the state an estimated \$144.1 million annually. On December 6, 2022, CDCR announced its plan to close Chuckawalla Valley State Prison in Blythe by March 2025 and terminate the lease of the California City Correctional Facility, its last privately-owned prison facility by March 2024. In May, the closures were projected to achieve an estimated \$155.7 million in annual ongoing savings. CDCR also announced the deactivation of specified facilities within six prisons by the end of this year to save state General Fund costs totaling approximately \$170 million ongoing. The facilities are located within the California Rehabilitation Center, the California Institution for Men, the California Correctional Institution, Pelican Bay State Prison, the California Men’s Colony, and the Folsom Women’s Facility within Folsom State Prison.

The budget reflects the Legislature’s priority to continue to close additional prisons by requiring CDCR to produce a preliminary and final assessment of state prison operational and housing requirements to assist the Legislature in determining future prison closures.

San Quentin Rehabilitation Center

In line with the Governor’s Spring announcement to transform San Quentin State Prison to the San Quentin Rehabilitation Center, the budget includes \$20 million General Fund for the preliminary plans and appropriates \$360.6 million from the Public Buildings Construction Fund for the demolition and construction of a new educational and vocational center. With the 2025 completion date, CDCR is required to use the progressive design-build procurement process and will be exempt from compliance with the California Environmental Quality Act.

Judicial Branch

The total budget for the judicial branch is \$5.2 billion, which preserves funding for court operations. Key priorities include trial court cost increases, resources to implement recent laws related to court access, facility needs, implementation of the Community Assistance, Recovery, and Empowerment (CARE) Act, and to backfill for declining fine, fee, and penalty revenue.

Community Assistance, Recovery, and Empowerment (CARE) Act

The budget includes additional investments to support the implementation of the CARE Act, which totals \$32.7 million in 2023-24, \$55.3 million in 2024-25, and \$68.5 million ongoing for

the Judicial Branch as reflected in the Governor’s May Revision. It also includes an additional \$16.8 million in 2023-24, \$29.8 million in 2024-25, and \$32.9 million ongoing for legal services from 20 hours to 40 hours. In total, the budget provides \$22.9 million in 2023-24, \$51.6 million in 2024-25, and \$64.4 million ongoing to support public defenders and legal services organizations that will provide legal counsel to CARE participants. For complete coverage of the CARE Act, see the Health section of this document, beginning on page 12.

Criminal Administrative Fees

The budget includes \$1.2 million ongoing backfill for the repeal of criminal administrative fees related to record sealing and post-conviction. The majority of this funding will be transferred to the Trial Court Trust Fund to backfill trial courts for revenue loss resulting from the elimination of post-conviction fees related to a change of plea or set aside verdict, and record sealing, with a small portion that may be appropriated to recoup counties upon approval by the Department of Finance.

Other Local Programs and Funding

Opioid and Fentanyl Response

The budget includes the following investments:

- \$7.2 million to support statewide enforcement to combat organized crime, prioritizing the disruption of the production, supply, and distribution of fentanyl, opioid, and narcotic operations by the Department of Justice in coordination with local agencies.
- \$30 million one-time from the Opioid Settlements Fund to support the development, manufacturing, or procurement of low-cost naloxone nasal products through the Department of Health Care Access and Information.
- Increases of \$42.75 in 2023-24, \$12.75 million annually in 2024- 25 and 2025-26, and \$12 million in 2026-27 from the Opioid Settlements Fund to expand the distribution of naloxone, and \$6 million for the distribution of fentanyl test strips, through the Naloxone Distribution Project (NDP) administered by the Department of Health Care Services.
- \$7.5 million in 2023-24, \$3.5 million in 2024-25, and \$1.5 million in 2025-26 and 2026-27 from the Opioid Settlements Fund, to support six one-time competitive grants to reduce fentanyl use and overdoses, and two one-time competitive grants to support innovative approaches to make fentanyl test strips and naloxone more widely available.
- \$61 million over four years from the Opioid Settlements Fund for operational expenses of harm reduction organizations through the Overdose Prevention and Harm Reduction Initiative administered by the Department of Public Health.

Organized Retail Theft and Motor Vehicle Theft

The budget includes \$85 million to prevent and respond to organized retail theft, motor vehicle or motor vehicle accessory theft, and cargo theft support. The Board of State and Community

Corrections (BSCC) will award competitive grants to county sheriffs' departments, city police, and probation departments. The budget also includes \$10 million for vertical prosecution units that focus on organized retail theft. BSCC will award competitive grants to district attorneys.

Gun Buyback Program

The budget includes \$25 million for the Local Law Enforcement Gun Buyback Grant Program. BSCC will award competitive grants to local agencies demonstrating a targeted need to reduce firearm violence in their jurisdiction.

Community Reentry

The budget includes \$57 million to support formerly incarcerated individuals with reintegration and rental assistance. BSCC will award competitive grants to community-based organizations.

Missing and Murdered Indigenous Persons

The budget includes \$16 million to help California tribes identify, collect case-level data, publicize, investigate, and solve cases involving missing Indigenous persons. BSCC will award competitive grants to federally recognized Indian tribes.

Government Finance and Administration

Basic Aid Wildfire Property Tax Backfill

The budget includes an increase of \$632,000 in one-time Proposition 98 General Fund to backfill reduced property tax revenues for certain school districts that were impacted by the Kincade Fire.

Broadband

As proposed in the Governor's January budget and the May Revision, the budget defers \$550 million that was previously designated for 2023-24 to the California Public Utilities Commission for Last-Mile infrastructure grants. Of the \$575 million that was due to be appropriated this year for the Loan Loss Reserve, \$400 million was deferred. Deferring the previous investments in broadband infrastructure that CSAC worked diligently to secure with passage of SB 156 (Chapter No. 112, Statutes of 2021) will directly harm the most disenfranchised communities in California for decades to come. CSAC remains committed to closing the digital divide and opposes all efforts to divert broadband funding or reduce its scope.

AB 102 additionally creates a new federal expenditure item for the Department of Technology to receive the federal Broadband Equity, Access, and Deployment (BEAD) funding. In addition, [AB 127](#) the General Government trailer bill establishes a new State Broadband Enterprise Middle-Mile Fund for the continued operational support and lease of state middle-mile

investments and includes trailer bill language to extend the California Public Utilities' Last Mile Program application deadlines until September 2024.

Local Government Budget Sustainability Fund

The Local Government Budget Sustainability Fund was originally adopted in last year's budget and allocated \$300 million over three years to supplement the Community Economic Resilience Fund to support county governments who are committed to advancing climate resilience projects that bolster local revenues and contribute to long-term budget stability. The May Revision would have reallocated \$250 million to the City of Fresno's Public Infrastructure Plan, with the remaining \$50 million available for counties. Instead, the budget allocates \$50 million to the City of Fresno and retains \$50 million for its original intended purpose to support county governments who are committed to advancing specified climate resilience projects. The budget also includes intent language to allocate \$100 million to the City of Fresno for the Public Infrastructure Plan in both 2024-25 and 2025-26.

State Appropriations Limit Calculations

The General Government trailer bill requires the Department of Finance, by February 1 of each year, to calculate the individual subvention amounts for each of the specified state programs and provide this state subventions information on an annual basis to the California State Association of Counties and the League of California Cities for distribution to local agencies for use in calculation of local appropriation limits.

Vehicle License Fee Reimbursement

The May Revision did not include an appropriation to backfill the insufficient Vehicle License Revenue shortfalls for Alpine, Mono, and San Mateo counties totaling \$36 million. This would have been the first budget to fail to include a backfill of these revenues since the passage of Proposition 1A (2004) and would have significantly impacted local programs and services. The budget provides \$36 million to reimburse local jurisdictions for Vehicle License Fee revenue shortfalls in Alpine, Mono, and San Mateo counties.

Health and Human Services

HEALTH

Community Assistance, Recovery and Empowerment (CARE) Act

CSAC has been continuously engaged in fiscal discussions with the Administration since last year alongside our county partners, even prior to enactment of the CARE Act, and has provided detailed fiscal estimates based on county input to support the magnitude and scope of impacts across various county entities to implement this new program.

The budget includes funding consistent with the May Revision, which represents a \$76 million increase above the initial proposal included in the Governor’s January proposal, to support implementation of the CARE Act. In total, General Fund support for state and county activities consists of \$128.9 million in 2023-24, \$234 million in 2024-25, \$290.6 million in 2025-26, nearly \$291 million in 2026-27 and annually thereafter. The \$128.9 million in 2023-24 consists of the following:

- \$67.3 million for county behavioral health department activities, which includes \$15 million General Fund one-time for Los Angeles County’s planning activities to implement on an accelerated schedule by December 1, 2023.
- \$29.4 million to the trial courts for program administration and coordination of self-help centers.
- \$22.9 million to support public defender and legal services organizations that will provide legal counsel to CARE participants.
- \$6.1 million to the Department of Health Care Services (DHCS) to support implementation activities.
- \$3.2 million to the Judicial Council to support implementation activities.

Although the updated level of funding reflects progress made through ongoing fiscal discussions with the Administration, CSAC and county partners will continue to advocate for an adequate level of funding that includes support for county counsel activities and more comprehensive coverage for county behavioral health activities to provide counties with the resources needed to successfully implement this new program.

California Advancing and Innovating Medi-Cal (CalAIM)

The budget maintains the multi-billion-dollar commitment to continue efforts to transform the healthcare delivery system through CalAIM, to strengthen the Medi-Cal program by offering Californians more equitable, coordinated, and person-centered care.

Behavioral Health Community-Based Continuum Demonstration Renamed “BH-CONNECT”

The budget largely maintains the \$6.1 billion over five years for DHCS and the California Department of Social Services to implement the now renamed BH-CONNECT Demonstration proposal.

DHCS plans to submit the BH-CONNECT Demonstration proposal for federal approval in the Fall of 2023. The Demonstration includes statewide and county opt-in components to expand behavioral health services and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with serious mental illness and serious emotional disturbance, including federal financial participation for short-term stays in Institutions for Mental Diseases (IMD),

with a focus on children and youth, individuals experiencing or at risk of homelessness, and justice-involved individuals.

Behavioral Health Payment Reform Funding

The budget includes a one-time General Fund allocation of \$250 million for behavioral health payment reform activities in 2023-24 to support the counties' non-federal share of costs of the transition that begins on July 1, 2023. This funding level is a reduction from the \$375 million initially proposed by the Governor and approved by the Legislature, however, the budget does not require county repayment of these funds to the DHCS by June 30, 2024, as had been proposed in the Legislature's budget plan.

Behavioral Health Bridge Housing Program (BHBH) Funding

The budget increases the level of BHBH grant funding in 2023-24 from \$250 million to \$265 million from the Mental Health Services Fund (MHSF) to address the immediate housing and treatment needs of individuals experiencing unsheltered homelessness who have serious behavioral health conditions. The Governor's January budget proposed to delay the last round of BHBH grant funding of \$250 million General Fund for one year to 2024-25, however, the May Revision proposal which was adopted by the Legislature rescinded the proposed delay and replaced \$500 million of the \$1.5 billion in total BHBH Program funding with MHSF in lieu of General Fund. The MHSF will be paid from the state's portion of revenue (up to five percent of total revenues) to administer the Mental Health Services Act.

988 Suicide and Crisis Lifeline

The budget includes \$19 million in 988 State Suicide and Behavioral Health Crisis Services Fund in 2023-24 to support eligible 988 call center behavioral health crisis services. AB 118, the Health budget trailer bill, makes various changes to implementation, including the extension of the due date by one year to December 31, 2024, for recommendations to support a five-year implementation plan for a comprehensive 988 system, expanded reporting requirements, and the imposition of certain requirements on health plans and insurers regarding approval of claims for behavioral health services provided through the 988 system.

LPS Data Reporting

AB 118 revises data reporting requirements imposed by SB 929 (Chapter 529, Statutes of 2022), for individuals referred for involuntary holds under the Lanterman-Petris-Short (LPS) Act. Instead of requiring approved and designated facilities to report directly to DHCS, the facilities are required to report to county behavioral health agencies, which in turn will collect and report data at least quarterly to DHCS. AB 118 additionally authorizes DHCS to impose civil monetary penalties for a county or facility that fails to submit LPS hold data timely or as otherwise required.

Medi-Cal

The budget approves continued implementation of significant investments made to date in the Medi-Cal program, including the expansion of benefits to adults regardless of immigration status, and provides for additional future investments in the program. Medi-Cal is projected to cover approximately 14.2 million individuals in 2023-24—more than one-third of the state’s population.

Managed Care Organization (MCO) Provider Tax

AB 119 specifies the renewal of an enrollment-based tax on managed care organizations effective April 1, 2023, through December 31, 2026, subject to federal approval, resulting in an estimated net General Fund benefit of \$19.4 billion over the tax period to be used to maintain the Medi-Cal program and support increased investments.

The budget anticipates:

- Using \$8.3 billion as a General Fund backfill to address budget shortfalls in 2023-24 and subsequent years, and
- Transferring \$11.1 billion to the Medi-Cal Provider Payment Reserve Fund for investments in the Medi-Cal program, including provider reimbursement rate increases, support for financially distressed hospitals, workforce development programs, and other investments. To implement the renewed MCO provider tax effective April 1, DHCS must submit the MCO provider tax renewal proposal to the federal Centers for Medicare & Medicaid Services (CMS) by June 30, 2023.

Medi-Cal Provider Rate Increases

No sooner than January 1, 2024, or on the effective date of federal approval of the MCO provider tax as required, AB 118 specifies increases to provider reimbursement rates to at least 87.5 percent of Medicare for primary care, obstetric care, doula services and non-specialty mental health services. Payments are to be supported by MCO provider tax revenue or other state funds appropriated to DHCS for this purpose.

As part of the 2024-25 Governor’s Budget, DHCS is required to submit to the Legislature a plan for targeted increases in specified domains to Medi-Cal payments or other investments that are designed to advance access, quality and equity for Medi-Cal beneficiaries and promote greater provider participation.

Distressed Hospital Loan Program

In addition to the \$150 million one-time General Fund provided for the Distressed Hospital Loan Program by AB 112 (Chapter 6, Statutes of 2023) budget authorizes the transfer of up to \$150

million from the Medi-Cal Provider Payment Reserve Fund (to be supported by MCO provider tax revenue), to the Program in 2023-24. Should there be a delay in federal approval of the revised MCO provider tax, AB 118 specifies the Director of Finance may authorize a short-term loan of up to \$150 million from the General Fund for the Program.

The Distressed Hospital Loan Program will provide interest-free cashflow loans to not-for-profit hospitals and public hospitals in significant financial distress or to governmental entities representing a closed hospital, for purposes of preventing the closure of, or facilitating the reopening of, those hospitals.

Small and Rural Hospital Relief Program

AB 118 specifies the transfer or appropriation in the annual budget act of \$50 million from the Medi-Cal Provider Payment Reserve Fund (to be supported by MCO provider tax revenue) to the Small and Rural Hospital Relief Fund in 2023-24 for seismic assessment and construction. Should there be a delay in federal approval of the revised MCO provider tax, AB 118 specifies the Director of Finance may authorize a short-term loan of up to \$50 million from the General Fund for the Program.

Whole Child Model Program Expansion

The budget expands DHCS' existing authority to establish a Whole Child Model (WCM) program to additional counties. No sooner than January 1, 2025, DHCS is authorized to establish a WCM program for Medi-Cal eligible California Children's Services (CCS) children and youth enrolled in a managed care plan served by a county organized health system (COHS) or Regional Health Authority in the following counties: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Yuba, Mariposa, and San Benito. AB 118 additionally extends the operation of the WCM Stakeholder Advisory Group for three years until December 31, 2026.

Delayed Implementation of AB 1051 – Presumptive Transfer of Foster Youth

The budget delays the implementation of AB 1051 (Chapter 402, Statutes of 2022) by one year from July 1, 2023, to July 1, 2024, to ensure that counties and providers are prepared to implement the changes to the presumptive transfer process of foster youth temporarily placed in a short term residential therapeutic program (STRTP) outside of their county of origin, including critical system updates to streamline payments between counties for services rendered through presumptive transfer. This change is consistent with the provisions of AB 551 (Bennett), an urgency measure moving through the legislative process that CSAC supports.

Public Health

Local Public Health Infrastructure Investment Maintained

The budget maintains the \$200 million in ongoing General Fund to local health jurisdictions that is critically needed to address vital public health priorities such as modernizing local public

health infrastructure and bolstering public health staffing. The budget also maintains an additional \$100 million in ongoing General Fund to support increased state public health capacity in foundational areas such as emergency preparedness and response and workforce development and training.

Public Health Workforce Investments Restored

The budget maintains the \$75.6 million General Fund in public health workforce development and training programs approved in the 2022 Budget Act that the Governor's Budget in January proposed to reduce by nearly \$50 million. CSAC, as part of the California Can't Wait Coalition, advocated against this reduction throughout the budget process. The May Revision and the Legislature's budget plan rescinded the proposed reduction that would have impacted all or some of the following programs: Public Health Workforce Career Ladder Education and Development, California Public Health Pathways Training Corps, California Microbiologist Training, Public Health Lab Aspire, and the California Epidemiologic Investigation Service.

HUMAN SERVICES

In-Home Supportive Services (IHSS)

IHSS Collective Bargaining Realignment Withholding

AB 120 would increase the existing penalty related to IHSS collective bargaining. Under current law, a county can be subject to a Realignment withholding if a series of four conditions are met related to IHSS collective bargaining. The penalty amount is 7 percent of the county's 2020-21 IHSS Maintenance of Effort (MOE) amount and is assessed one-time. AB 120 would increase that penalty amount to 10 percent of the county's prior year MOE amount and apply the penalty every year until a collective bargaining agreement is reached.

The four conditions that need to be met before a penalty is assessed would remain the same:

- A county and provider union have completed the full IHSS mediation and fact-finding process.
- The fact-finding panel has issued recommended settlement terms that are more favorable to the union.
- The county has an expired IHSS collective bargaining agreement.
- The county and union have not reached an agreement within 90 days after the release of the fact-finding recommendations.

This language was amended into the human services trailer bill with no public input, no consultation with counties, and without ever being discussed at a budget hearing in 2023 or included in the Legislature's or Governor's budget proposals. CSAC is strongly opposed to this increased penalty and engaged immediately when we became aware of this proposal. We detailed our opposition in this [county coalition letter](#).

IHSS Statewide Collective Bargaining Analysis

The budget directs the California Department of Social Services (CDSS) to conduct an analysis of transitioning IHSS collective bargaining to a statewide or regional approach. This language is the result of a legislative budget priority that presents an alternate path forward for AB 1672 (Haney) that is sponsored by IHSS provider unions SEIU and UDW. The sponsors have indicated that AB 1672 will become a two-year bill with the inclusion of this Budget Bill Language (BBL).

CDSS must issue this analysis to the legislative budget committees by January 1, 2025. They will consult with the relevant state departments; must convene a stakeholder process that includes IHSS provider unions, CSAC, the California Association of Public Authorities (CAPA), and the County Welfare Directors Association of California (CWDA); and must consult with IHSS consumer organizations. CDSS can hire a consultant for this analysis. The analysis will look at how much statewide bargaining would cost for wage increases, impacts on workforce, impacts on the realignment structure, and what fund sources would be available for statewide or regional bargaining.

CSAC has proactively engaged on AB 1672 and this BBL to make clear that if collective bargaining were to transfer to the state, it should do so in a manner that works effectively for all entities involved including counties. Our early engagement on the BBL helped ensure that CSAC, CAPA, and CWDA were specifically included in the stakeholder process. CSAC has expressed concerns about the specific references to the Realignment structure and Realignment as a potential funding source. The Administration has indicated that all funding sources are on the table despite only Realignment being cited in the BBL.

IHSS Wage Supplement

AB 120 makes changes to IHSS wage supplement language enacted in a 2018 IHSS clean-up bill. This language established different applications of the wage supplement for when a wage supplement was used to swap amounts between IHSS wages and health benefits. It ultimately ended up applying to only one increase in one county. With the language in AB 120, the wage supplement applications will now work the same in all situations and no changes are occurring to how the wage supplement works for all other increases in all counties. The Department of Finance consulted with CSAC, CAPA, and CWDA on this language and our organizations have no concerns.

CalFresh

County Administration

The budget adopts the Governor's May Revision proposal to revise the budgeting methodology for county administration of the CalFresh program. This includes an additional \$406.5 million (\$159.5 million General Fund; \$192.5 million federal funds; and \$54.5 million county funds) in 2023-24. The new budgeting methodology is the result of several years of county advocacy and

engagement and will more accurately reflect county costs while assisting counties in keeping up with increased demand and new program requirements.

CalFresh Minimum Nutrition Benefit Pilot Program

AB 120 initiates the CalFresh Minimum Nutrition Benefit Pilot Program. This pilot program would provide state-funded nutrition benefits to eligible households receiving less than \$50 per month. The state benefits would be added to the federal benefits to get households to at least \$50 per month in total nutrition benefits. The budget includes \$915,000 General Fund in 2023-24 for automation and implementation costs necessary for CDSS to initiate the pilot program and \$15 million in 2024-25 to implement the pilot program. AB 120 requires CDSS to consult with counties and other stakeholders to identify and prioritize populations or regions with persistently high levels of hunger and requires these benefits to be delivered through the EBT system.

California Work Opportunity and Responsibilities to Kids (CalWORKS)

Maximum Aid Payments

The 2022 Budget Act provided a 10 percent increase for the CalWORKS maximum aid payments but included an expiration date of September 30, 2024. AB 120 removes the expiration date, making the 10 percent increase permanent.

Child Care

The budget includes a total of \$1.4 billion to supplement reimbursement rates for subsidized child care providers, inclusive of ongoing collective bargaining between the state and Child Care Providers United. AB 116 creates a new family fee structure beginning October 1, 2023. Families below 75 percent of the state median income will pay no fee for subsidized child care, and families at or above 75 percent of the state median income will pay fees capped at one percent of monthly income. Additionally, AB 116 allows family fees accrued but uncollected prior to October 1, 2023, to be forgiven.

Foster Care

Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs)

The budget includes \$1 million in 2023-24, \$200,000 in 2024-25, and \$18.8 million in 2025-26 and ongoing to create a housing supplement to the basic rate paid for a nonminor dependent placed in a SILP. The monthly housing supplement payment will be added to the rate paid to a nonminor dependent and prorated based on the number of days in a month the dependent is in a placement eligible for the supplement. AB 120 requires CDSS to work with CWDA and

CalSAWS to develop and implement the necessary system changes to implement the housing supplement. In addition, AB 120 requires CDSS to calculate the housing supplement by November 1 of each year and inform county welfare agencies in July of the following year of the amount of the supplement.

Earlier this year, CSAC [supported AB 525 \(Ting\)](#), which would have created a supplemental housing payment for nonminor dependent foster youth placed in SILPs. AB 525 was held in Assembly Appropriations Committee, so CSAC is pleased to see this housing supplement included in the budget.

This item is one of the handful of budget trailer bills that has been agreed upon by the Legislature and Administration, however, it is still pending passage. The vote is currently scheduled for June 29, 2023.

Homelessness

Homeless Housing, Assistance and Prevention (HHAP) Program

The Housing and Homelessness budget trailer bill, AB/SB 129, contains significant changes to the HHAP program. Many of the provisions are consistent with the AT HOME plan and reflect the advocacy of CSAC, counties, and partner organizations. The required regional collaboration, comprehensive homelessness plan development, and the identification of specific roles and responsibilities for each jurisdiction will help further efforts toward the establishment of a comprehensive homelessness response system. Unfortunately, there is no commitment to ongoing funding for the HHAP program. This lack of multi-year funding will limit the effectiveness of these new provisions and hinder the ability of local governments to make long-term progress to address homelessness. CSAC has already started to engage with the Administration on implementation related to tools, resources, and timeline considerations needed to effectively comply with these program changes.

Below is a summary of the key highlights of the HHAP program language in AB/SB 129.

HHAP Funding Amounts

The budget provides funding for HHAP in 2023-24 without an ongoing funding commitment.

- Establishes Round 5 of the HHAP Program to be funded at \$1 billion in 2023-24
- States legislative intent to provide funding for the HHAP program in 2024-25
- Makes one percent of funding (after state administrative costs) available to develop required regional plans
- Provides 80 percent of funding as base allocations

- Maintains existing HHAP distribution ratios for big cities, continuums of care (CoCs), and counties (42%, 30% and 28% respectively)
- Applicants have the option of designating another applicant in their region to serve as the fiscal agent for administration of the funding
- Eliminates bonus funding
- Sets aside 17 percent as supplemental support for Homekey
- Provides two percent for tribal applicants
- Advances redeployment of bonus funding allocated in prior years as supplemental HHAP funding

Required Regional Plan

The trailer bill includes new requirements for regional coordination, comprehensive plan development, and identification of roles and responsibilities.

- Requires counties, big cities, and CoCs to apply as part of a region, to coordinate on the development and submission of a regionally coordinated homelessness action plan, and to be a signatory on the plan
- The plan must include:
 - Identification of roles and responsibilities for all participating jurisdictions regarding outreach and site coordination, siting and use of available land, the development of shelter, interim, and permanent housing options, and the coordination and connection to the delivery of services
 - Small cities (those with population under 300,000) may elect to engage and collaborate on the plan and will have roles and responsibilities identified
 - System performance metrics on a range on homelessness metrics
 - Key action towards accomplishing performance metrics including sources of funding, lead entity on each step, timeframe, and how to measure success.
 - List of actions to prevent individuals falling into homelessness as they exit institutional settings
 - Explanation of how each jurisdiction is using the list of identified federal, state, and local homelessness funding
 - Explanation of how region is connecting individuals to eligible wrap around services
 - Actions to address racial and gender equity
- The plan development shall include a public stakeholder process with at least three public meetings
- Specific entities invited to the plan development include those with lived experience, local department leaders, service providers, managed care plans, and street medicine providers

- Requires the HHAP application to be available by September 30, 2023, and for the regional plan to be due no later than 180 days from the date the application is available.

Uses of HHAP Funding

The trailer bill lists a broad range of eligible uses of HHAP funding in three categories.

- Reorganizes and expands uses of HHAP funding into three major categories – (1) Permanent housing solutions; (2) Interim housing solutions; and (3) Services for people experiencing homelessness
- Applicants must demonstrate that the region has dedicated resources to permanent housing prior to using funding for new interim housing solutions
- Permanent housing solutions include rental subsidies, landlord incentives, move-in expenses, operating subsidies, rapid rehousing, diversion support programs, services for people in permanent housing, and capital for permanent housing
- Interim housing solutions include navigation centers, operating expenses in existing congregate care sites, operating expenses in new and existing non-congregate care sites, motel or hotel vouchers, services to people in interim housing, capital funding for new non congregate shelter sites, capital funding for clinically enhanced shelter sites, and youth-focused services in transitional housing
- Services for people experiencing homelessness include street outreach, services coordination, systems support, and improvements to emergency shelters
- Applicants are allowed to use funding for additional purposes with approval of Council

Accountability Provisions

The trailer bill includes mechanisms for the California Interagency Council on Homelessness (Cal ICH) to monitor progress, provide technical assistance, and potentially withhold funding until improvement.

- Counties, CoCs, and big cities within a region must sign an MOU, while small cities may also sign and commit to participation
- The second installment (50% of the base allocation) will be contingent on submission of a regional plan update
- The council may withhold the second installment from a jurisdiction that repeatedly fails to take action as specified in the regional plan or that takes action adverse to achieving the objectives of the plan until the jurisdiction comes into compliance
- The council shall provide technical assistance to jurisdictions to help ensure compliance
- The council may monitor expenditures and programmatic activities to ensure compliance

Supplemental Funding

The trailer bill establishes additional requirements for eligibility for the Homekey set aside and redeployed bonus funding.

- In 2023-24, \$100 million will be provided to Round 5 applicants as supplemental funding to applicants upon approval of regional plan
- In 2024-25, \$260 million will be provided to Round 5 applicants as supplemental funding as long as applicants have an approved regional plan and counties and cities demonstrate that they have a compliant housing element
- For the supplemental Homekey funding, a city or county must have an approved regional plan and demonstrate that they have a compliant housing element in order to apply

Emergency Sleeping Cabins

Earlier this year, Governor Newsom announced the state procurement of 1,200 tiny homes and sleeping cabins to serve people experiencing homelessness. AB 127 authorizes the Department of General Services (DGS) to assist local governments with the delivery and installation of these units in select cities in counties that have declared a shelter crisis. These units will be delivered to the County of Sacramento, the County of San Diego, the City of San Jose, and the City of Los Angeles. DGS will enter into written transfer agreements with these jurisdictions that require the units to be compliant with Housing First principles, low-barrier, service-enriched, and focused on moving people into permanent housing.

Housing, Land Use, and Transportation

HOUSING AND LAND USE

In contrast to proposed cuts to a variety of housing programs in the Governor’s January budget proposal and the May Revision, the budget continues some level of funding provided in prior budgets or augments funding for specific housing programs. In addition, the housing budget trailer bill ([AB 129](#)) will move most grant programs related to homelessness to the California Housing and Community Development Department (HCD).

Investments in Affordable Housing and Homeownership

- \$100 million to HCD for the Multi-Family Housing Program, which provides resources for affordable housing development.
- \$50 million for the CalHOME affordable housing retention and rehabilitation program in 2023-24, which represents \$50 million reduction for the program.
- \$50 million to continue to fund the Accessory Dwelling Unit Program appropriated in the 2022-23 (AB 178, Chapter No. 45, Statutes of 2022). The Governor’s January budget proposal had planned to eliminate all funding for this program.

ACTION

- \$500 million to continue to fund the California Dream for All first-time home buyer assistance program, which was provided in the 2022-23 budget. The Governor’s January budget proposal had planned to eliminate all funding for this program.
- \$82.5 million in new resources for the Foreclosure Intervention Housing Prevention Program. Further intent language was provided indicating a desire to allocate \$85 million for 2024-25, \$100 million for 2025-26, and \$62.5 million for 2026-27.

Housing Budget Trailer Bill

AB 129 adopts language for the Homeless Housing, Assistance and Prevention Program (HHAPP) Rounds 5 program, *please see the Health and Human Services section for an update on HHAPP.*

The trailer bill makes a number of technical changes to HCD that includes the transition of the HHAPP grant program and other grant programs from the Interagency Council on Homelessness to HCD, removes the California Housing Finance Agency (CalHFA) from within HCD, and continues CalHFA within the Business, Consumer Services and Housing Agency.

The bill also requires HCD, instead of the California Department of Finance, to publish the list of programs that must award pro-housing jurisdictions additional points or preferences on its website. Additionally, AB 129 requires HCD instead of the Department of Finance to publish a list of programs, if any, where eligibility for funding is contingent upon the jurisdiction having adopted a housing element. Finally, the bill establishes the Employee Housing Regulation Fund and requires HCD to deposit monies collected pursuant to the Employee Housing Act into the fund.

In addition, AB 129 includes the following components:

- *Low Income Housing Tax Credit Rural Definition* - Revises the criteria for a rural area to be eligible for financing a multifamily housing program pursuant to Part 3560.1 of Title 7 of the Code of Federal Regulations as it read on January 1, 2023, or successor program, of United States Department of Agriculture Rural Development.
- *Middle Class Housing Act of 2022* - Requires exempted parcels to be subject to an ordinance that allows for development by right when a local agency reallocates the residential density from that exempt parcel.
- *Affordable Housing and High Road Jobs Act of 2022* - Clarifies the procedures for local governments to exempt specified parcels from provision of the law in a manner that results in no net loss of development capacity in the jurisdiction.
- *Surplus Lands Act* - Establishes a narrow exemption to the Surplus Lands Act for disposal of land acquired by a local agency that meets specified criteria including. Among a variety of provisions, the bill requires the inclusion of at least 25 percent affordable

housing on the impacted land and a requirement that the parcels are subject to a locally adopted plan and legal restrictions that predate significant amendments to the Surplus Land Act that took effect in 2020.

TRANSPORTATION

The budget reverses the Governor’s January budget proposal to cut \$2 billion of capital project funding to public transit and provides \$2 billion to the California State Transportation Agency (CalSTA) for Population-Based Transit and Intercity Rail Capital Program (TIRCP). We note that in the past, this program has been a competitive grant program but now is being shifted to a population-based formula for the next two years. Specifically, the budget includes \$2 billion for 2023-24 and proposes another \$2 billion in 2024-25 to TIRCP. Additionally, the bill provides \$410 million to CalSTA for the newly created Zero Emission Transit Capital Program, specifically providing \$410 million for 2023-24, and proposing to allocate \$230 million for 2024-25, \$230 million for 2025-26, and \$230 million for 2026-27 for the new program. Receipt of funding from either program is contingent on transit entities meeting specified accountability provisions in the transportation trailer bill outlined below.

Transportation Budget Trailer Bill

Transit Accountability

[SB 125](#), the transportation trailer bill requires CalSTA to develop and administer an accountability program for the distribution of funds from the Zero-Emission Transit Capital Program and the TIRCP (General Fund), requires a regional transportation planning agency to submit a regional short-term financial plan to CalSTA in order to receive the funds from these funding sources, and requires a regional transportation planning agency to submit a long-term financial plan by June 26, 2026.

A regional transportation planning agency is eligible to receive future grants under the TIRCP beginning in the 2026-27 FY, or any subsequent fiscal years, only if CalSTA approves their long-term financial plan.

Transit Statutory Relief

The transportation trailer bill continues COVID-19 relief programs previously authorized by the Legislature and creates a task force to examine ways to improve transit and increase ridership in the long term, including reforming the transportation development act.

Relief to self-help counties

ACTION

The transportation trailer bill limits the California Department of Transportation (Caltrans) from charging self-help counties with countywide sales tax measures dedicated to transportation improvements more than 10 percent for administration indirect cost recovery.

Zero Emission Vehicle Package

AB 102 appropriates \$550 million to the Greenhouse Gas Reduction Fund for the Zero Emission Vehicle Package to programs administered by the California Air Resources Board (CARB) and the California Energy Commission (CEC), which includes:

- \$80 million to CARB for Clean Cars 4 All.
- \$100 million to CEC for Equitable At-Home Charging.
- \$80 million to CARB for Drayage Trucks and Infrastructure.
- \$85 million to CEC for Drayage Trucks and Infrastructure.
- \$145 million to CEC for Clean Trucks, Buses and Off-Road Equipment.
- \$60 million to CARB/ CalSTA for Community-Based Plans, Projects and Support/Sustainable Community Strategies.

Energy Budget Trailer Bill

Embodied Carbon Emissions: Construction Materials

[SB 123](#) amends AB 2446 (Chapter No. 352, Statutes of 2022), to delay the deadline to measure the carbon intensity of buildings/materials by 18 months from July 1, 2025, to December 31, 2026. The trailer bill language also delays the deadline to adopt strategies to reduce emissions by 40 percent from July 1, 2025, to December 31, 2028. The bill also delays the deadline to evaluate the feasibility and cost impact of the strategy from July 1, 2029, to December 1, 2029.

Clean Transportation

AB 126 requires a funding allocation of 10 percent annually for hydrogen refueling stations through the Clean Transportation Program until 2030 or until there is a sufficient network of these stations to support all types of hydrogen fuel cell vehicles.

The bill also requires the State Energy Resources Conservation and Development Commission, by January 1, 2028, in consultation with CARB and the Department of Motor Vehicles, to propose to the Legislature alternative funding methodologies or fee structures for funding zero-emission vehicle infrastructure for light, medium, and heavy-duty vehicles. This proposal shall include an assessment of the economic equity of the alternatives.

This item is part of the infrastructure package that has been agreed upon by the Legislature and Administration, however, it is still pending passage. The vote is currently scheduled for 7/5/23.

Progressive Design Build, Job Order Contracting and NEPA Assessment

SB 146 provides authority for Caltrans and the Department of Water Resources (DWR) to use the Progressive Design Build and Job Order Contracting delivery methods. Progressive design-build is a variant of the design-build contracting used by Caltrans and DWR that generally includes two phases. CSAC is co-sponsoring SB 706, which would extend progressive design-build authority for specific project types to counties and other local governments. Job order contracting is a competitively bid, fixed price, indefinite-quantity contract for the performance of minor construction, renovation, and maintenance. Counties have had the authority to use job order contracting since 1983.

The bill extends existing authority that allows the Secretary of Transportation to review and make decisions on National Environmental Protection Act (NEPA) documents for railroad, public transportation, or multimodal projects. CSAC is in support of this trailer bill.

This item is part of the infrastructure package that has been agreed upon by the Legislature and Administration, however, it is still pending passage. The vote is currently scheduled for 7/5/23.

Expedited Judicial Review, Administrative Record Reform

SB 149 requires expedited judicial review of challenges to certain water, transportation, clean energy, and semiconductor or microelectronic projects under the California Environmental Quality Act. Notable provisions include:

- A 270-day timeline for the completion of lawsuits that challenge a projects CEQA permit.
- Clarification that a variety of internal communications are not part of the administrative record.

This bill is limited to water, transportation, energy, and electronic manufacturing projects that meet specific criteria. Additionally, the bill allows only 20 transportation projects - 10 state sponsored and 10 sponsored by local governments, that may be prioritized by the Governor to benefit from the provisions of this bill. CSAC is in support of this trailer bill.

This item is part of the infrastructure package that has been agreed upon by the Legislature and Administration, however, it is still pending passage. The vote is currently scheduled for 7/5/23.

ACTION

GUIDE TO BUDGET BILLS

Trailer Bills	Topic/Summary
SB 101 (Skinner)	Budget Act of 2023 (Legislature’s Budget Plan)
AB 102 (Ting)	Budget Act of 2023 (Budget Bill Junior #1 – Budget Deal)
AB 103 (Ting)	Budget Acts of 2021 and 2022 – (Amends/Adds Items of Appropriation)
SB 114 (Committee on Budget and Fiscal Review)	Education finance: education omnibus budget trailer bill
SB 115 (Committee on Budget and Fiscal Review)	Arts and Music in Schools—Funding Guarantee and Accountability Act: local control and accountability plan electronic template
AB 116 (Committee on Budget)	Early childcare and education
SB 117 (Committee on Budget and Fiscal Review)	Higher education trailer bill
AB 118 (Committee on Budget)	Budget Act of 2023: health
AB 119 (Committee on Budget)	Medi-Cal: managed care organization provider tax
AB 120 (Committee on Budget)	Human services
AB 121 (Committee on Budget)	Developmental services
SB 122 (Committee on Budget and Fiscal Review)	Public Resources
SB 123 (Committee on Budget and Fiscal Review)	Energy 1
SB 124 (Committee on Budget and Fiscal Review)	Energy 2
SB 125 (Committee on Budget and Fiscal Review)	Transportation
AB 126 (Reyes)	Vehicular air pollution: Clean Transportation Program: vehicle registration and identification plate service fees: smog abatement fee: extension
AB 127 (Committee on Budget)	State government

Trailer Bills	Topic/Summary
<u>AB 128 (Committee on Budget)</u>	Cannabis: background checks and cannabis event organizer license type
<u>AB 129 (Committee on Budget)</u>	Housing
<u>AB 130 (Committee on Budget)</u>	Employment
<u>SB 131 (Committee on Budget and Fiscal Review)</u>	Taxation
<u>SB 132 (Committee on Budget and Fiscal Review)</u>	Income taxes: tax credits: motion pictures: occupational safety: California Film Commission
<u>SB 133 (Committee on Budget and Fiscal Review)</u>	Courts
<u>AB 134 (Committee on Budget)</u>	Public Safety
<u>SB 145 (Newman)</u>	Environmental mitigation: Department of Transportation
<u>SB 146 (Gonzalez)</u>	Public resources: infrastructure: contracting
<u>SB 147 (Ashby)</u>	Fully protected species: California Endangered Species Act: authorized take
<u>SB 149 (Caballero)</u>	Fully protected species: California Endangered Species Act: authorized take
<u>SB 150 (Durazo)</u>	Construction: workforce development: public contracts