2022-23 STATE BUDGET SUMMARY

Delivering Prosperity & Strengthening The Future
By
Putting California's Wealth to Work

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OVERVIEW

The Legislative Version of the 2022-23 State Budget, representing an agreement between the leaders and budget committee chairs of the Assembly and the Senate, builds on the strong proposals of the Governor and the priorities of the Legislature laid out in the Assembly's "Delivery Prosperity & Strengthening the Future" blueprint and the Senate's "Putting Wealth to Work" plan.

California's economy remains strong, and the common sense, voter approved revenue system results in the wealthy paying their share, which has strengthened California's fiscal health and provided over $85.5 billion in available General Fund and Proposition 98 resources that this budget allocates.

But economic warning signs indicate that challenging times could arrive in the coming years. Therefore, this budget strikes the right balance of providing fiscal relief to families and small businesses, making strong investments in programs that strengthen families and the economy, responsibly focusing on funding infrastructure and other one time investments, and building record reserves to assist the state in withstanding economic downturns or other budget challenges.

The 2022-23 budget includes total spending of just over $300 billion, of which an estimated $235.5 billion is from the General Fund. The budget includes total reserves of $37.5 billion in 2022-23, including $3.2 billion in the regular operating reserve. (General Fund spending in 2021-22 in the Legislative budget plan is about $8 billion less than the Governor proposes, with higher non-recurring spending of a comparable amount in 2022-23.)

This report provides highlights of the budget agreement, which will be in print in the coming days in both AB 154 and SB 154 – before the June 15 constitutional deadline for the Legislature to pass the annual budget. Figures contained in this report are preliminary and will be updated once final scoring is completed with the assistance of the Department of Finance.

2022-23 General Fund Summary

(in billions)

Prior Year Balance	$20.2
Revenues and Transfers	$222.7
Expenditures	$235.5
Fund Balance	$7.4
reserve for encumbrances	*$4.3*
Final Regular Reserve (SFEU)	**$3.2**
Total General Fund Reserves	**$37.5**

TOP HIGHLIGHTS

Responsible Budgeting

Crafting responsible budgets has been the cornerstone approach of Legislative Democrats since taking over full control of the state's finances in 2011.

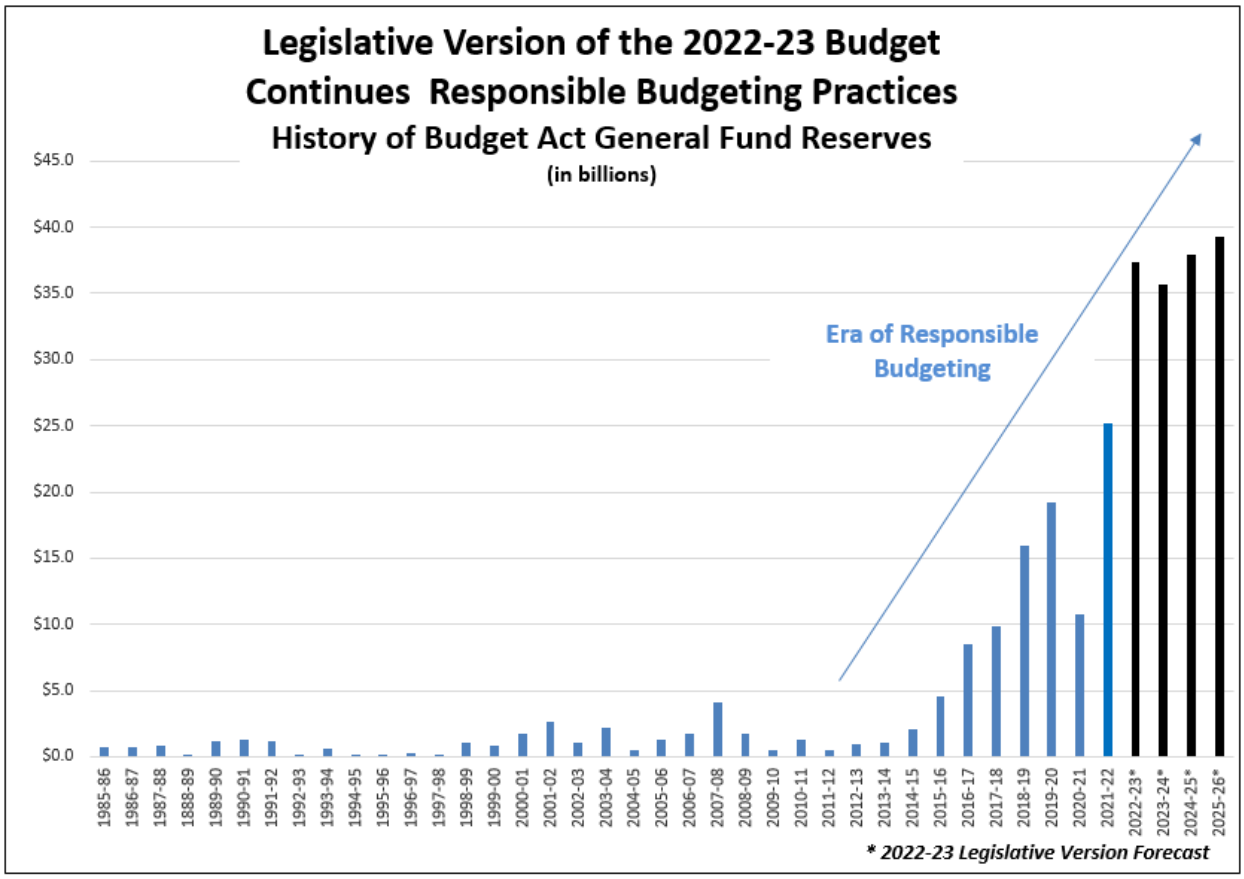
Responsible budgeting serves two key purposes: first, it prepares the state to endure economic downturns without having to make cuts to programs or increases to middle class taxes; and second, it provides confidence for the Legislature and Governor to make program improvements, knowing the state's finances are on solid ground. This budget reflects both of these key purposes.

- ***Record High Reserves***. Includes a total of $37.8 billion, including:

    - $3.2 billion Regular Reserve (Special Fund for Economic Uncertainties)
    - $1.5 billion Safety Net Reserve
    - $9.5 billion Prop 98 Reserve
    - $23.3 billion Rainy Day Fund (Budget Stabilization Account)
    - **$37.5 billion Total General Fund Reserves**

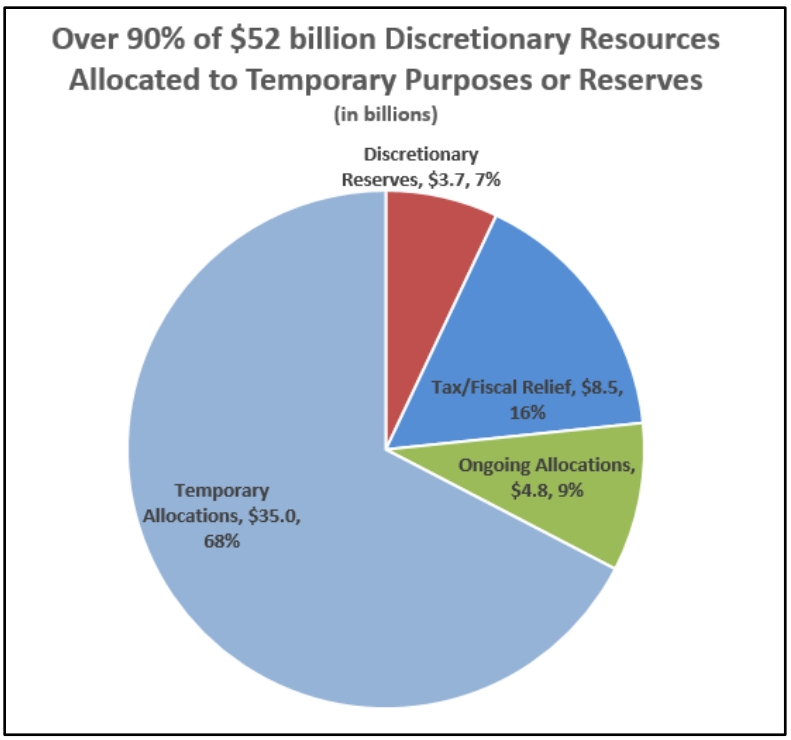
    The 2019-20 state budget—the last enacted before the start of the COVID pandemic—estimated there would be $19 billion of total reserves in that fiscal year. The near doubling of anticipated state reserves in the last three years demonstrates Legislative Democrats' commitment to responsible budgeting, as well as the positive effects of the Proposition 2 rainy-day fund constitutional amendment, which was proposed by the Legislature and approved by voters in 2014.

    In addition, the Legislature's plan requires 50 percent of revenues that come in over the budget act forecast through 2022-23 and that are not required to meet baseline, emergency, and constitutionally required costs (including Propositions 98 and 2) to be deposited into the Budget Deficit and Infrastructure Savings Account, which was initially established in statute in the 2018-19 budget.



- ***Focus on One-Time Allocations.*** Allocates the vast majority of available resources for one time purposes. This protects the state from overcommitting to ongoing purposes that future budgets may not support. Funding one-time investments in infrastructure, in particular, better prepares California for the future.

  Only nine percent of new commitments in 2022-23 are ongoing, with the remaining 91 percent for discretionary reserve deposits and one-time or temporary purposes.



Fiscal Relief

The budget provides nearly $10 billion in fiscal relief to Californians, small businesses and nonprofits.

- ***Better For Families Rebates.*** Provides $8 billion for the Better For Families (BFF) Rebates plan to provide relief to Californians from the impacts of high gas prices and other growing costs due to inflation. The BFF rebates are as follows:
  - $200 per taxpayer and dependent for taxpayers with up to $250,000 annual income for joint filers and $125,000 for single filers. This means a family of five would receive a $1,000 rebate.
  - An additional rebate equal to the monthly grant for families enrolled in the CalWORKs program and the monthly grant for Californians enrolled in the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program.

- A program that allows additional low income Californians that do not receive a rebate through either of other two routes to apply for a rebate.

- ***Targeted Tax Relief.*** Expands tax credits for working Californians, including the following:

  - $400 million ongoing beginning in 2023-24 to increase the minimum CalEITC to $255. This will ensure every Californian receiving a CalEITC will receive a meaningful tax credit.

  - $200 million to begin the Workers Tax Fairness Credit. This tax credit will turn union dues from being tax deduction into a tax credit. While union dues are currently tax deductible, union workers are more likely to not itemize their deductions and therefore do not get the same tax benefit for their dues that higher paid professions are more likely to get for their professional association dues. The credit level will be set in the budget each year, but will not exceed 33 percent of dues paid.

- ***Small Business and Non-Profits Relief.*** Provides $1.3 billion in fiscal relief to small businesses and non-profits, including the following:

  - $870 million to provide full rebates of cost of repaying upcoming increases in federal Unemployment Insurance costs for the first 250 employees for every business. Under this proposal, 99% of all businesses will be fully reimbursed for their increased costs. This amount covers the first two years of costs. An additional appropriation will be needed to continue the rebates beginning in 2024 and beyond.

  - $250 million for relief grants for small businesses and non-profits with up to 150 employees to offset costs of recently enacted Paid Sick Leave program.

  - $100 million for additional COVID Relief Small Business Grants, in addition to ensuring small businesses and non-profits can access existing grant programs.

  - $75 million for the California Small Agricultural Business Drought Relief Grant Program at the state Department of Food and Agriculture, to provide direct assistance to eligible agriculture-related businesses that have been affected by severe drought conditions.

Transformative Investments

- ***Historic Infrastructure Investments.*** Provides more than $40 billion for infrastructure investments throughout the budget forecast period. The investments will be throughout the budget including: transportation; housing; schools facilities; higher education facilities, deferred maintenance, and student housing; climate and energy; dam safety; broadband; and switching the cost of the new Capitol Annex from more costly lease revenue bonds to the General Fund to bring the overall cost of the project down.

- ***Record Ongoing Discretionary Funding for Schools.*** Provides over $9.8 billion in ongoing increases to the Local Control Funding Formula, a 16 percent increase from last year's rates. The Legislative Budget also includes a one-time $8.5 billion Proposition 98 General Fund Learning Recovery Discretionary Block Grant, and a one-time $1 billion Proposition 98 General Fund investment for an Arts, Music, Instructional Materials, and Libraries Block Grant.

  While ongoing Proposition 98 funding levels are susceptible to drops in the event of an economic downturn, the Public Schools Reserve balance will reach $9.5 billion, and provide a strong safety net to mitigate any potential downturn and sustain Budget Year investments.

  With record levels of ongoing funding and the responsible Public Schools Reserve, school districts are in an unprecedented position to provide a strong education for our kids.

- ***Medi-Cal For All, Regardless of Immigration Status.*** Expands Medi-Cal to all eligible Californians regardless of immigration status. Currently, income eligible young adults 25 and younger and those 50 and older have access to full scope Medi-Cal. This action will expand access to ages 26 through 49 beginning no later than January 1, 2024.

- ***No Child In Deep Poverty.*** Increases CalWORKs grant levels beginning July 1, 2023 to lift all CalWORKs families out of deep poverty.

- ***Stabilizing Investments in the Child Care System.*** Starting January 1, 2023, provides $1.3 billion ongoing general fund, and $494 million ongoing Proposition 98, for increases in rates for the child care system. Starting January 1, 2023, increases the child care reimbursement rates to the 85th percentile of the regional market rate (RMR), and applies a cost of living increase to the county RMR for all

provider rates. In addition rates for three year olds are increased to a higher toddler rate. Finally, the budget includes family fee waivers, hold harmless policies, funding for provider benefits, and investments in childcare infrastructure and the workforce. This will help stabilize providers and ensure access to child care services that families need, particularly as the state continues to recover from the COVID pandemic and return to work.

- ***$21 Billion Climate and Energy Package.*** In lieu of the Governor's various Resources- and Energy-related packages, adopt a Legislative Climate-Energy Budget Plan, appropriating $21 billion General Fund (in addition to associated federal and special funds), with details subject to ongoing negotiations. The Plan is expected to include items related to the following issues: Water-Drought Resilience, Wildfire Resilience, Sea Level Rise, Extreme Heat, Biodiversity and Outdoor Access, Energy, Zero-Emission Vehicles, and other climate-related actions.

STATE APPROPRIATIONS (GANN) LIMIT

Currently Significant Capacity to Live Within the Gann Limit. With robust surpluses and reserves and wide support for infrastructure, state payments to help residents and businesses address rising costs, and emergency-related spending, the state currently has significant capacity to live within the constraints of the 1979 Gann Limit while not significantly affecting state officials' budget decisions.

Legislative Plan Aims to Avoid Gann-Related "Fiscal Cliff" in 2023. The Legislature's budget plan keeps the state budget under the Gann Limit by an estimated $20 billion in 2022-23. Including major infrastructure and COVID emergency-related spending, direct payments to families and businesses, and options suggested by the Legislative Analyst's Office (such as updating an antiquated statutory definition of local subventions), the Legislature's plan aims to keep the state budget under this constitutional limit for at least two more years. This approach aims to avoid a 2023 "fiscal cliff" recently identified by the LAO.

Voters Will Need to Consider Changes to Gann Limit Soon. Within a few years, likely in 2024, the Legislature's leaders agree with the Governor that voters will need to consider changes to the Gann Limit. While the Gann Limit is not significantly influencing budget allocation decisions now, the Constitutional conflicts among the Gann Limit, Proposition 98, and Proposition 2 will most likely result in the need to make devastating cuts to baseline programs, such as health, higher education, and public safety, as soon as 2024 or 2025 and pressure the state to suspend Proposition 98 in order to balance the budget. Section 5 of the Gann Limit (Article XIII B of the Constitution) also unwisely constrains the state's ability to add to reserves, deposit supplemental appropriations to school and state pension funds, and pay down debt of the Unemployment Insurance Trust Fund.

Legislative Democrats will work with the Governor to craft a proposed Constitutional Amendment to modernize the Gann Limit before the 2024 election.

More Background on Gann Limit in the Legislature's Budget Plan. The administration estimated that the Governor's May Revision, if adopted with no changes, would leave the state $3 billion <u>over</u> the State Appropriations Limit (SAL), or the Gann Limit, in 2022-23.

Below are the major changes in the Legislative Version of the State Budget, which would result in the state being $20 billion <u>under</u> the SAL for 2022-23. (In general,

appropriating more for SAL "excluded" purposes means there is a lower amount of SAL appropriations.)

- Adopt LAO suggestion to change statutory definition of "local subventions," thereby counting more subventions under local Gann Limits. (**$10 billion less in SAL appropriations)**

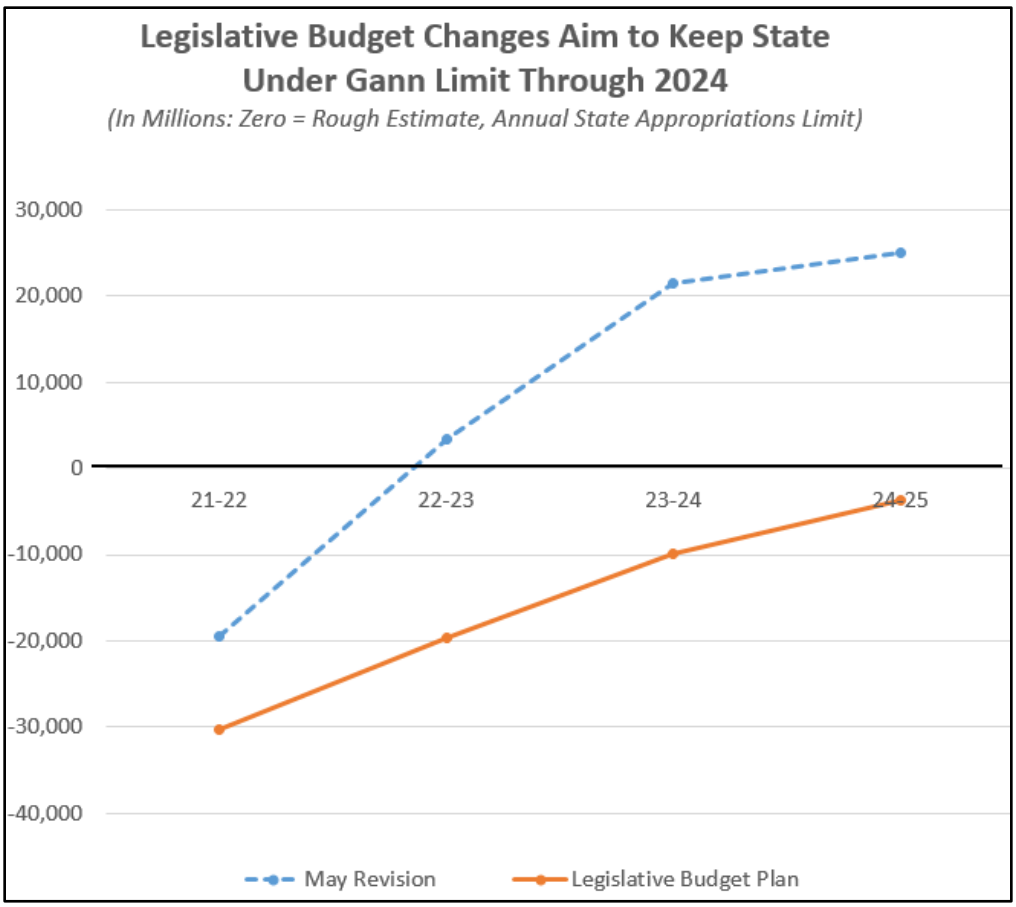
- Classify more Proposition 98 funding as excluded spending, including more qualified capital outlay spending and emergency spending. **($8 billion less in SAL appropriations)**

- Approve more qualified capital outlay spending elsewhere in the budget. **($3 billion less in SAL appropriations)**

- Adopt LAO suggestion to swap certain qualified capital outlay spending in non-tax accounts with General Fund or other tax proceeds. **($2 billion less in SAL appropriations)**

- Various other net changes to the May Revision. **(~$200 million less in SAL appropriations)**

Future Projections of the Gann Limit. Just as it is very difficult to forecast state revenues far in advance, so it is difficult to forecast how far the state will be under the Gann Limit. Under the administration's May Revision revenue estimates, below is a rough estimate showing that the Legislative Version of the State Budget aims to keep the state under the Gann Limit through 2024. These estimates may change based on changes in scoring as the budget advances through the next few weeks of the process.


Legislative Budget Changes Aim to Keep State Under Gann Limit Through 2024
(In Millions: Zero = Rough Estimate, Annual State Appropriations Limit)
30,000
20,000
10,000
0
-10,000
-20,000
-30,000
-40,000
21-22
22-23
23-24
24-25
May Revision
Legislative Budget Plan

TK-12 EDUCATION KEY HIGHLIGHTS

Key Actions on Governor's Proposals and Legislative Additions:

- ***Local Control Funding Formula (LCFF).*** Increases LCFF funding by $6.6 billion, $4.5 billion above the Governor's proposed $2.1 billion. Adopts protections for declining enrollment by including the average of three prior years' average daily attendance for funding, and one year protection for classroom-based charter schools. Also approves May increases to LCFF funding for county offices of education. The Legislative Budget takes further action and expands the definition of low-income to those who meet 250% of the federal poverty levels, includes homeless students to unduplicated pupil counts. These increases are equivalent to a 16 percent increase, compared to 9.85 percent in the Governor's proposal.

- ***California Universal Afterschool & Expanded Learning Opportunities.*** Maintains the Governor's Budget funding levels for the Expanded Learning Opportunities Program for total program funding of $4.4 billion ongoing Proposition 98 General Fund.

  The Legislative Budget: (1) renames the program the California Universal Afterschool and Expanded Learning Opportunities Program; (2) funds local educational agencies that must offer the program to all students at $3,000 per unduplicated pupil and funds local educational agencies that must offer the program to half of their unduplicated students at $1,500 per unduplicated pupil; and (3) adds COLA at full implementation.

- ***Learning Recovery Discretionary Block Grant.*** Increases May Revision funding to $8.5 billion one-time Proposition 98 General Fund to be allocated on a per-pupil basis and available for use up to seven years, and specify that funds shall be used for personnel-related costs.

- ***Career & College Readiness.*** Approves a total of $700 million in College and Career Readiness initiatives in the May Revision.

- ***Transitional Kindergarten.*** Approves the Governor's proposal to expand eligibility for transitional kindergarten and reduce student-to-adult ratios. The Legislative Budget includes $300 million additional one-time Proposition 98 General Fund for additional PreKindergarten Planning and Implementation

Grants, and $650 million General Fund more for the Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facility Program.

- ***Arts, Music, Instructional Materials, and Libraries Block Grant.*** Centralizes the Governor's proposed grant programs into a block grant that would provide local educational agencies funds for learning tools in arts, music, instructional materials, and multi-lingual library books. The block grant includes $1.1 billion one-time Proposition 98 General Fund, and would be distributed based on an equity-focused formula.

- ***School Facilities.*** Augments the Governor's proposals for the School Facilities Program by $1 billion General Fund, and ensure that facility funds are available through 2026.

- ***School Transportation.*** Significantly increases funding for Home-to-School Transportation by $1.2 billion, so that beginning in 2027-28, school districts and county offices of education will offer transportation services to students in TK-6 and low-income students. The Legislative Budget would also repeal pupil fees, and establishes a funding formula that is weighted and proportional to their TK-6 students and low-income student population, and increases funding beginning in 2027-28. The Legislative Budget also includes the Governor's proposal to provide $1.5 billion in one-time Proposition 98 General Fund for local educational agencies to purchase zero and low-emission vehicles manufactured by high-road employers.

- ***Universal School Meals.*** Approves the Governor's proposal to enhance the reimbursement rates for school meals under the state's new universal school meals program. The Legislative Budget also provides the Department of Finance authority to approve mid-year funding adjustments if needed.

CHILD CARE AND DEVELOPMENT KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Child Care Pandemic Response Policies.*** Adopts Governor's proposals to continue actions taken during the COVID-19 pandemic to waive family fees for childcare and create hold harmless policies for the 2022-23 fiscal year

- ***Child Care Infrastructure.*** Adopts Governor's proposal to invest $200 million in additional child care facilities, with amendments to allow for expenditures on new construction.

Key Legislative Additions:

- ***Stabilizing Investments in the Child Care System.*** Provides $1.3 billion ongoing general fund, and $494 million ongoing Proposition 98, for increases in rates for the child care system. Starting January 1, 2023, increases the child care reimburse rates to the 85th percentile of the regional market rate (RMR), and applies a cost of living increase to the county RMR for all provider rates. In addition rates for three year olds are increased to a higher toddler rate, and a set aside is created for provider benefits.

- ***Childcare Workforce and Development Block Grant.*** Provides $120 million in one-time funding, and ongoing federal Child Care and Development Block Grant funding, for the Childcare Workforce and Development Block Grant.

HIGHER EDUCATION KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***CCC Part-Time Faculty Insurance.*** Approves a $200 million ongoing Proposition 98 General Fund increase to augment the Part-Time Faculty Health Insurance Program. This augmentation expands healthcare coverage provided to part-time faculty by community college districts and includes trailer bill language to reform the program. This large augmentation creates a stronger financial incentive for more community college districts to provide medical care coverage to their part-time faculty.

- ***UC Labor Centers.*** Includes an increase of $13 million ongoing General Fund to support the operations of existing UC Labor Centers and Occupational Safety and Health Programs, and invest in similar new initiatives throughout the UC system.

- ***CSU Capital Outlay.*** Approves several investments in capital infrastructure, including:

    1. $80 million one-time General Fund to expand the San Diego State University, Brawley Center in Imperial Valley to support a local workforce pipeline to aid the state's goals for development of the Lithium Valley vision.

    2. $67.5 million one-time General Fund toward construction of the CSU Fullerton Engineering and Computer Science Innovation Hub.

    3. $75 million one-time General Fund to support equipment and facilities for CSU University Farms.

    4. $83 million one-time General Fund to construct the Energy Innovation Center at CSU Bakersfield.

Key Legislative Additions:

The Governor's budget includes multi-year compacts with the UC and CSU and a multi-year roadmap with the CCCs that focus on shared priorities benefitting students. While the Legislature agrees with the Governor's overall emphasis in the compacts, the Legislature's budget includes investments, developed with stakeholder engagement and

feedback throughout subcommittee hearings, to strengthen the higher education goals of increased access and affordability. Without sufficient resources and deliberately targeted investments, the segments will be unable to hit the expectations set forth—to the disadvantage of faculty, staff, and ultimately the students.

The Higher Education "Compacts Plus" Package includes the following key investments:

- ***Additional Base Increases for CCC, UC, and CSU.*** The Legislature's budget includes the following:

    - CCC: Includes a total base increase of $700 million Proposition 98 General Fund in 2022-23 and ongoing above COLA for apportionments.

    - UC: Includes an additional $50 million General Fund ongoing base augmentation above the Governor's proposal. The total base increase included is $251 million in 2022-23 and ongoing.

    - CSU: Includes an additional $100 million General Fund in 22-23 and $200 million General Fund in 2023-24 and ongoing above the Governor's proposal. The total base increase included is $311 million General Fund in 2022-23 and $411 million General Fund in 2023-24 and ongoing.

- ***Robust Student Housing Investments.*** Includes an additional $2 Billion General Fund over three years for student housing projects across the UC, CSU, and CCC.

- ***Comprehensive Financial Aid Reform.*** Includes the following reforms in financial aid to reduce the cost of attendance for California students:

    - **Middle Class Scholarship 2.0.** An additional $227 million General Fund in 2023-24 and ongoing above Governor's proposal to fund the Middle Class Scholarship at 33 percent of program costs.

    - **Cal Grant Reform Act**. $315 million General Fund in 2024-25 and $237 million General Fund in 2025-26 and ongoing to makes significant reforms to the Cal Grant Program including phasing-out existing programs, removing the GPA barrier, and the creation of the new Cal Grant 2 Program for CCC students and the Cal Grant 4 Program for students attending the UC, CSU, and eligible private institutions. The reform will

provide access to Gal Grants for 150,000 additional students. These changes would take effect on July 1, 2024.

- **Cal Grant Access Awards.** $185 million General Fund in 2023-24, $192 million General Fund in 2024-25, and $193 million General Fund in 2025-26 and ongoing for Cal Grant improvements as transition to broader reforms within the Cal Grant Reform Act, including increasing the non-tuition award for Cal Grant B and C students, to help offset growing costs of living, and extending elements of last year's improvement for low-income students attending independent, nonprofit colleges and universities.

- **Increase CCC Student Success Completion Grant (SSCG).** $200 million Proposition 98 General Fund in 2022-23 and ongoing to increase the SSCG award amount. The SSCG offsets total cost of college attendance, to encourage full time attendance, and successful on-time completion.

- ***Unprecedented Support for Underrepresented Students.*** Invests in student supports impacting historically underrepresented students, including, but not limited to, the following:

  - **CCC:** Mathematics, Engineering, Science, and Achievement Program (MESA), NextUp program for foster youth, Extended Opportunity Programs and Services (EOPS), establishment of Native American student support services, a consortium and on-campus student support programs to fund Asian American and Native American Pacific Islander-Serving colleges and universities, Umoja for African American student success, Disabled Students Program, Rising Scholars Program for incarcerated and formerly incarcerated students, basic needs, and the Puente Project.

  - **UC:** Carceral system-impacted students served through the Underground Scholars Initiative and UC Irvine LIFTED program, foster youth support, Student Academic Preparation and Educational Partnerships, and undocumented students

  - **CSU:** Carceral system-impacted students through Project Rebound, Asian Bilingual Teacher Education Program, Basic Needs, Graduation Initiative 2025, foster youth supports, and a consortium and on-campus student

support programs to fund Asian American and Native American Pacific Islander-Serving colleges and universities

- ***Capital Investments at UC campuses.*** Includes funding to expand enrollment capacity and research innovation at the Riverside, Merced, and Santa Cruz campuses and funding for the Berkeley campus to become the first 100 percent clean energy public research university in California and the United States.

- ***Capital Investments at CSU campuses***. Includes funding to expand the CSU San Bernardino Palm Desert campus and support the Human Identification Lab at Chico State.

- ***Enrollment Targets for Academic Year 23-24 at UC and CSU.*** Includes an additional one percent at UC ($23 million General Fund in 2023-24 and ongoing) and 0.5 percent enrollment target ($17 million General Fund in 2023-24 and ongoing) at CSU above the Governor's one percent for academic year 2023-24.

- ***Community Colleges Flexible Block Grant.*** Provides $550 million one-time Proposition 98 General Fund for a flexible block grant to assist with basic needs, mental health needs, and COVID-19 related support.

HUMAN SERVICES KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Aging and Older Adult Supports.*** Provides roughly $36.3 million General Fund to continue implementation of the Master Plan for Aging. Also includes funding for Home and Community-Based Services infrastructure planning and $10 million for a Community Living Fund to assist older adults and persons with disabilities in transitioning from nursing homes to independent living. Also approves $34.4 million ongoing to establish a permanent back-up provider system for In-Home Supportive Services recipients.

- ***Supports for Resource Families and Youth in Foster Care.*** Provides $150 million one-time for county grants to assist with connecting youth in foster care to families and fostering family engagement.

- ***Promoting Workforce Stability for Regional Centers and Direct Support Professionals (DSPs).*** Provides $185.3 million to address challenges in recruiting and retaining regional center service coordinators and DSPs. This includes funding for training stipends and a tuition reimbursement program for service coordinators.

- ***Addressing Disparities in the Developmental Services System.*** Provides an additional $11 million for grants to regional centers and community-based organizations for projects to reduce disparities and increase equity in the developmental services system.

- ***Facilitating Food for All Access.*** Provides $35.2 million, increasing to $113.4 million annually in 2025-26, to expand the California Food Assistance Program (CFAP) program to Californians age 55 and older regardless of immigration status.

Key Legislative Additions:

- ***Improving Services for Individuals with Developmental Disabilities.*** Provides funding to accelerate the provider rate increases and rate reform approved in the 2021 Budget Act by one year. This action will also ensure that DSPs benefit from the accelerated rate increases and that individuals with developmental disabilities will have access to vital services. Provides roughly $5 million ongoing to eliminate family fees for regional center services.

- ***Anti-Poverty and Safety Net Investments.*** Makes historic investments to lift all CalWORKs families out of deep poverty by providing $789 million to increase CalWORKs grants. Also includes $150 million, beginning in 2024-25, to implement a full-pass through of child support payments to families currently and formerly receiving public assistance. Additionally, provides $60 million one-time for administrative support for the CalFresh program and $55 million to improve eligibility services within the CalWORKs Single Allocation. Both changes will help to improve outcomes for program participants. Repeals the county share of a possible, but never-imposed CalWORKs federal work penalty, furthering the implementation of the CalWORKs Outcomes and Accountability Review process and improve the culture of the program.

- ***Nutrition and Hunger.*** Provides funding of $62 million in 20222-23 and ongoing funding of $52 million for California food banks to continue to address the ongoing need caused by record levels of hunger, rising inflation, and a decline in federal support. Also provides $50 million one-time to support food bank infrastructure and climate resilience. $5 million ongoing is also included to increase food access for native tribes.

- ***Supports for Foster Families and Youth in Foster Care.*** Provides an additional $66.8 million for targeted family finding for older foster youth and foster youth in long-term care. This investment will help to increase permanency and create and sustain connections for these youth. Also includes $50 million ongoing to fund flexible family supports for resource families.

- ***Improved Services and the Restoration of Services for Older Adults.*** Accelerates the increase to restore SSP grants to 2009 levels from January 1, 2024 to July 1, 2023**.** Provides $61.4 million for grants for adult day services providers to recover from COVID-19 and combat senior isolation. Provides $20 million for an Alzheimer's and Dementia Caregiver pilot program and $150 million for operating subsidies for "board and care" facilities that serve older adults and adults that need assistance with daily living activities. Funds continued training for Adult Protective Services workers.

HEALTH SERVICES KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Protecting Reproductive Health Care Access.*** Expands on the Governor's investments in protecting access to abortion and other reproductive health care, including the California Abortion Support Fund, the California Reproductive Health Service Corps, training for certified nurse midwives, the Los Angeles County Reproductive Health Pilot, and equity and infrastructure payments for clinic abortion providers.

- ***Medi-Cal Expansion.*** Approves trailer bill language to expand full-scope Medi-Cal coverage to all income-eligible Californians, regardless of immigration status, no later than January 1, 2024.

- ***Behavioral Health Bridge Housing.*** Approves the Governor's proposed investment of $1.5 billion over two years for immediate, clinically enhanced bridge housing solutions for individuals experiencing homelessness with serious mental illness.

- ***Restores the Covered California State Premium Subsidy.*** Approves the Governor's proposed $304 million restoration of the state premium subsidy program in Covered California and modifies trailer bill language to further improve affordability for lower income enrollees.

- ***Public Health Infrastructure.*** Approves and codifies the Governor's $300 million ongoing investment in state and local health departments to address vital public health priorities.

- ***Youth Suicide Prevention and Behavioral Health.*** Approves and modifies the Governor's $290 million investment in youth suicide prevention and behavioral health to ensure rapid and timely investment in resources to support youth behavioral health needs.

- ***Rejects Equity and Practice Transformation Payments.*** Rejects the Governor's proposed equity and practice transformation payments.

- ***Rejects Substance Use Disorder Recovery Facility Fee Increase.*** Rejects the Governor's proposed 63 percent increase on residential and outpatient

substance use disorder treatment facilities and instead backfills program costs with funding from the Opioid Settlements Fund.

- ***Deferred Actions.*** Defers and sets aside funding for the following proposals pending resolution of necessary statutory changes:
    - Community Assistance, Recovery and Empowerment (CARE) Court.
    - Skilled Nursing Facility Financing Reform.
    - Hospital and Nursing Facility Retention Payments.

Key Legislative Additions:

- ***Workforce Development.*** Provides $532.5 million over four years for workforce development, including:
    - $200 million for the behavioral health workforce.
    - $195.5 million for the public health workforce.
    - $137 million for the primary care, clinic and reproductive health workforce.
- ***Repeal Medi-Cal Provider Rate Reductions from 2011.*** Expands on the Governor's limited restoration of Medi-Cal provider rate reductions by eliminating all remaining Great Recession-era reductions.
- ***Health Equity and Racial Justice Fund.*** Provides $75 million annually to support the Health Equity and Racial Justice Fund, which will support community-based organizations to reduce health disparities and address the public health impacts of systemic racism.
- ***End the Epidemics One-Time Funding.*** Provides $57 million over three years to prevent and treat sexually transmitted infections, including for syphilis, congenital syphilis, and hepatitis B.
- ***Peer-to-Peer Mental Health Programs for Youth.*** Provides $10 million one-time to develop and promote high quality peer-to-peer mental health support programs for youth.

- ***Special Needs Dental Clinics.*** Provides $50 million over two years for construction, expansion, modification or adaptation of dental surgical clinics or specialty dental clinics to increase access to oral health care for special needs populations.

- ***Reduce Share of Cost Requirements for Seniors in Medi-Cal.*** Provides $31 million to reduce share of cost requirements for seniors and persons with disabilities by increasing the Medi-Cal Maintenance Need Income Level.

- ***Continuous Medi-Cal Coverage for Children Zero to Five.*** Provides $10 million in 2022-23 and $20 million ongoing to provide continuous Medi-Cal coverage for children zero to five years of age.

HOUSING AND HOMELESSNESS KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Encampment Resolution Grants.*** Includes $300 million for Encampment Resolution grants, to help local governments with resolving critical encampments and transitioning individuals into permanent housing.

- ***Governor's Affordable Housing Proposals.*** Funds key portions of the Administration's proposed affordable housing package, including:

    - $250 million over two years for Adaptive Reuse, including a $10 million reappropriation of existing funding.

    - $500 million over two years for the Infill infrastructure Grant Program.

    - $100 million over two years for mobile homes and manufactured housing.

    - $150 million over two years for the preservation of existing affordable housing.

    - $100 million over two years for affordable housing on state excess sites.

Key Legislative Additions:

- ***Additional Legislative Affordable Housing Investments.*** Includes additional investments in affordable housing and homeownership, including:

    - $350 million for the CalHOME program.

    - $300 million for the Housing Accelerator Program.

    - $400 million over two years for the Multifamily Housing Program.

    - $100 million for the Joe Serna Jr. Farmworker Housing Program.

    - $200 million for affordable housing preservation through the Community Anti-Displacement Acquisition Program (CAPP).

    - $50 million for ADU financing.

- $50 million for down payment assistance for first-time homebuyers.

- $150 million over two years to continue the Veterans Housing and Homelessness Prevention Program created by Proposition 41 (2014).

- ***HHAPP Funding.*** Includes an additional $500 million in both 2022-23 and 2023-24 for the Homeless Housing, Accountability, and Prevention Program (HHAPP).

- ***Legal Aid for Eviction Protection.*** Provides $30 million in 2022-23 to increase funding for legal aid to prevent eviction protection.

- ***California Dream For All.*** Establishes the California Dream For All program to make homeownership more achievable for first time homebuyers, a critical first step to thriving in the middle class and building generational wealth.

  Under the program, the state will partner annually with approximately 8,000 first-time homebuyers in an shared appreciation agreement which results in homebuyers being able to purchase a home with a low downpayment and with more than a 1/3 reduction in monthly mortgage payments, saving a typical homebuyer more than $12,000 per year.

  The budget authorizes up to $1 billion in revolving revenue bonds per year for ten years to generate the partnership funds. The bond principal will be repaid once homebuyers sell or refinance the house and the funds are recycled to help future homebuyers. The budget includes $50 million in 2022-23 and $150 million per year ongoing after that for administrative costs and interest costs of the revenue bonds.

LABOR AND WORKFORCE DEVELOPMENT KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***EDDNext, Long-Term Modernization.*** EDDNext is a five-year plan to modernize EDD. The budget includes $136 million one-time funding ($68 million General Fund) and provisional budget bill language for EDD to continue planning and begin implementing various improvements to EDD leave benefit programs. This includes efforts on EDD's benefit systems, call center improvements, simplifying forms and notices, including user testing and engagement, developing data analysis tools to continue curbing fraudulent benefit claims, and upgrading department training and tools to increase the pace of application processing.

- ***High Road Training Partnerships for Health and Human Services.*** Includes $60 million General Fund in 2022-23, and $70 million General Fund each in 2023-24 and 2024-25 to establish, expand, and improve workforce development programs for health and human service careers.

Key Legislative Additions:

- ***Returning Caregivers to Work.*** Includes trailer bill and funding for implementation costs associated with the following changes: 1) Extending the existing wage replacement rates for the State Disability (SDI) and Paid Family Leave (PFL) programs, which provide a 60-70% wage replacement and is set to sunset January 1, 2023, to January 1, 2025; 2) Revising, for claims commencing on or after January 1, 2025, the formulas for determining benefits for SDI and PFL claims; 3) Providing, beginning January 1, 2025, an increased wage replacement rate for SDI ranging from 70-90% based on the individual's wages earned, as specified, for the first 16 weeks, and 60-70% after the 16 weeks for the remainder of the claim; 4) Providing beginning January 1, 2025, an increased wage replacement rate for PFL that ranges from 70-90%, depending on income, as specified, for the full eight weeks provided under PFL; and 5) Removing the SDI wage ceiling for taxable contributions, thereby making all wages taxable for purposes of computing SDI taxes.

- ***Workers Tax Fairness Tax Credit.*** Includes $200 million General Fund and trailer bill language establishing the Workers Tax Fairness Credit and requiring that the credit level be set in the annual budget act.

- ***California Youth Apprenticeship Program.*** Includes $165 million General Fund total, over three years, to establish the Office of the California Youth Apprenticeship Program to develop new, or expand on existing apprenticeship programs for 16-24 year olds who are unhoused, in the welfare, or juvenile justice system or otherwise facing barriers to labor market participation.

- ***Workforce Development for Students of Color and Low-income Students.*** Includes $100 million General Fund total, split over four years, for community change learn-&-earn career pathway programs at 20 selected community colleges over four-year period.

- ***COVID-19 Workplace Outreach Project (CWOP) at Labor and Workforce Development Agency (LWDA).*** Includes $50 million General Fund total, over two years, for the CWOP project. CWOP partner organizations are conducting outreach activities to educate workers and employers in high-risk industries, such as the food and agriculture sectors, on how to minimize the spread of COVID-19 in the workplace, and educating essential workers about COVID-19-related labor laws.

- ***Targeted Workforce Development Supports for Individuals Who Experienced Justice System Involvement, Homelessness, Mental Illness, and Addiction.*** The Legislature's budget includes investments in workforce development supports for individuals that historically have high barriers to employment, including the following:

    - $50 million General Fund one-time to workforce recovery program to provide dedicated, state funding to community-based organizations to expand reentry service capacity, help fund Multi-Craft Core Curriculum (MC3) training programs or programs that offer unsubsidized jobs in the community, and scale programming across the state to serve more justice-involved individuals.

    - $25 million General Fund one-time to establish CA Regional Initiative for Social Enterprises (RISE), which would initiate regional networks in selected markets across the state that would provide targeted employment services. Through CA RISE, individuals who have experienced homelessness, mental illness, addiction, or incarceration, and are facing significant employment barriers in traditional workplaces, would receive comprehensive services and employment development.

- ***Women in Construction Unit at Department of Industrial Relations (DIR).*** Building on last year's investment, the Legislature's budget includes $15 million General Fund ongoing to promote and support women/nonbinary individuals into skilled trade careers through the creation of a Women in Construction Unit at DIR.

- ***Investments at DIR For Worker Protections.*** Includes the following:

    - $14 million General Fund ongoing augmentation to increase resources and staffing at DIR's Retaliation Complaint Investigation Unit based on frequency of retaliation among low-wage workers and long delays to get claims processed.

    - $10 million General Fund one-time for the unpaid wages hardship fund.

- ***Microenterprise Home Kitchen Operations.*** Includes $8 million General Fund one-time to support microenterprise home kitchen operations by allowing home cooks to apply for local permits and receive financial support to sell food made in their home kitchen directly to the public.

- ***High Road Standards Reporting Across LWDA.*** Includes language that directs LWDA, by January 10, 2023 to document relevant programs and initiatives under EDD, CWDB, and DIR for which the high road standard is a candidate for application. For those initiatives, LWDA reports the current statutory and regulatory requirements for each, including whether administering departments currently apply the high road standard.

RESOURCES & ENERGY KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Farm to School Grant Program.*** Approves the Governor's proposal to provide $39 million for the Farm to School Grant Program at the California Department of Food and Agriculture.

- ***Contract Counties Hand Crews.*** Approves the Governor's proposal to provide $25.4 million General Fund in 2022-23 and $35.4 million ongoing to fund 12 hand crews for vegetation management, hazardous fuel reduction projects, and wildland fire suppression in Contract Counties.

- ***Beverage Container Recycling Fund.*** Approves $330 million Beverage Container Recycling Fund one-time to address issues with the Bottle Bill Program with details to be worked out in a three-party agreement.

Key Legislative Additions:

- ***$21 Billion Climate and Energy Package.*** In lieu of the Governor's various Resources- and Energy-related packages, adopt a Legislative Climate-Energy Budget Plan, appropriating $21 billion General Fund (in addition to associated federal funding and special funds), with details to be worked out. The Plan is expected to include items related to the following issues: Water-Drought Resilience, Wildfire Resilience, firefighter staffing levels, Sea Level Rise, Extreme Heat, Biodiversity and Outdoor Access, Energy, Zero-Emission Vehicles, and other climate-related actions.

- ***Dam Safety.*** Provides $100 million for dam safety projects.

- ***Ocean Protection and Sea Level Rise.*** Provides $77.6 million for ocean protection and sea level rise in 2022-23 and $300 million ongoing for nature-based sea-level rise adaptation measures.

- ***AB 617 Funding.*** Provide $300 million ongoing to reduce pollution in our hardest hit communities and to promote environmental justice.

TRANSPORTATION KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Port Infrastructure.*** Includes $1.2 billion over two years for freight-related infrastructure at and around the state's ports. This funding will support port-specific high priority projects that increase goods movement capacity on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission equipment modernization and deployment

- ***DMV Commercial Licenses.*** Provides $40 million through 2025-26 for the Department of Motor Vehicles to improve its ability to issue commercial driver licenses. This includes $34 million to fund leasing costs to establish dedicated commercial drive test centers in the Bay Area and Northern Los Angeles County, and one-time funding of $6 million in 2022-23 to fund additional staffing for commercial driver license exams.

- ***Caltrans Fleet Replacement.*** Includes $176 million per year for two years from the State Highway Account for Caltrans to begin the process of replacing its fleet of service vehicles and construction equipment with newer zero-emission or low-emission equipment.

- ***CHP Organized Retail Crime Taskforces.*** Includes $6 million General Fund annually through 2024-25, $10.5 million in 2025-26, and $15 million in 2026-27 and ongoing for the CHP to expand and make permanent its Organized Retail Crime Taskforce.

Key Legislative Additions:

- ***$10.9 Billion Transportation Package.*** Includes $5.5 billion through 2022-23, $1.85 billion in 2023-24, $1.45 billion in 2024-25, and $2.1 billion in 2025-26 for a comprehensive transportation infrastructure package, including funding for transit, freight, active transportation, climate adaptation, and other purposes. This represents the first steps towards fully funding a multi-year transportation infrastructure package in the coming budget years.

- ***High Speed Rail.*** Includes placeholder trailer and budget bill language related to the appropriation of Proposition 1A bond funds for the state's high-speed rail project.

- ***CHP Sideshow Task Force.*** Includes $5.5 million in 2022-23 for the establishment of a sideshow task force within the California Highway Patrol.

PUBLIC SAFETY & JUDICIARY KEY HIGHLIGHTS

Public Safety

Key Actions on Governor's Proposals:

- ***Crime Reduction.*** Approves key components of the Governor's proposal to address crime, including $85 million in local law enforcement grants and $6 million at the Department of Justice (DOJ) per year for three years to address organized retail theft, $22 million for a fentanyl enforcement taskforce at DOJ and contraband interdiction at the California Military Department, and $25 million one-time for a gun buyback grant program.

- ***Peace Officer Wellness and Training.*** Approves $55 million for peace officer wellness and training, including $5 million to develop statewide resources, $40 million in grants to local agencies, and $10 million for de-escalation and use-of-force training.

- ***Nonprofit Security Grants.*** Approves $50 million for the Nonprofit Security Grant to provide security assistance to nonprofit organizations at risk of hate-motivated violence.

- ***Behavioral and Mental Health Hotline.*** Approves the implementation of the 988 Behavioral and Mental Health hotline.

- ***Peace Officer Decertification.*** Approves $23 million in 2022-23 and $21 million ongoing at the Commission on Peace Officers Standards and Training and resources at various agencies that employ peace officers to implement Chapter 409, Statutes of 2021 (SB 2).

- ***Public Safety Infrastructure.*** Approves significant investments in public safety infrastructure, including courthouses and prison facility needs.

Key Legislative Additions:

- ***Support for Victims of Crime.*** Provides additional support for victims of crime, including $50 million one-time in flexible assistance, $50 million ongoing for changes to victim compensation, $25 million ongoing to eliminate fines and backfill the Restitution Fund, and $18 million one-time to expand Trauma Recovery Centers.

- ***Firearms Relinquishment.*** Includes $40 million one-time to enforce court-ordered firearms relinquishment.

- ***Internet Crimes Against Children Taskforce.*** Provides $5 million ongoing support for the Internet Crimes Against Children Taskforce.

- ***Environmental Enforcement and Training Act.*** Enhances enforcement and training capacity under the Environmental Enforcement and Training Act.

Judiciary

Key Actions on Governor's Proposals:

- ***Trial Court Funding.*** Approves an increase of $184.2 million ongoing funding for an inflation adjustment and to improve trial court equity across the state.

- ***Judgeships.*** Approves 23 new judgeships, fully funding all judgeships authorized under law, and includes resources for associated staffing, security and facility needs.

- ***Courtroom Remote Access.*** Approves $33.2 million one-time and $1.6 million ongoing to implement and support remote access in courtroom proceedings.

Key Legislative Additions:

- ***Civil Assessment Elimination and Fee Waiver.*** Eliminates the $300 civil assessment and replaces it with General Fund support for the courts, provides one-time funding to relieve civil assessment debt, and increases the income threshold for automatic waivers of filing fees and provides backfill to the courts.

- ***Legal Aid.*** Provides $55 million over five years for a legal aid loan repayment assistance program, $30 million one-time for eviction defense, and $15 million one-time for a consumer debt legal aid program.

- ***CASA and Other Court Programs.*** Provides $60 million one-time to support the Court Appointed Special Advocates (CASA) program across the state, $15 million one-time to expand access to lactation facilities in the courts, and a $30 million ongoing corrective adjustment for dependency counsel.

Rehabilitation and Reentry

Key Actions on Governor's Proposals:

- ***Prison Staff Misconduct.*** Approves the implementation of a new system to handle allegations of staff misconduct in prisons, including expanded oversight by the Office of the Inspector General.

- ***Healthcare Resources.*** Approves resources for integrated substance use disorder treatment and Hepatitis C virus treatment for incarcerated individuals, and to connect released individuals with health care as part of the statewide CalAIM initiative.

- ***Reentry Housing.*** Approves $31.8 million over three years to support reentry housing through the Returning Home Well program.

Key Legislative Additions:

- ***Rehabilitation Programming.*** Improves rehabilitative programming in prisons through a $20 million capacity building grant to community-based organizations, $10 million for restorative justice programming, and $4 million for veterans programming.

- ***Pre and Post Release Transitional Housing.*** Expands pre- and post-release transitional housing and services programs to decrease recidivism, including the Community Reentry Program at CDCR and the Adult Reentry Grant Program.

- ***Student and Academic Supports.*** Expands targeted student and academic supports for carceral-system impacted students attending CCC, UC, and CSU.

- ***Medication Assisted Treatment.*** Provides $20 million for a Medication Assisted Treatment grant program for justice system involved individuals.

Disaster Prevention and Response

Key Actions on Governor's Proposals:

- ***California Disaster Assistance Act.*** Approves $114 million ongoing for the California Disaster Assistance Act adjustment, an increase of $37.4 million from the previous year.

- ***Fire and Rescue Mutual Aid Fire Fleet.*** Provides ongoing resources to enhance the Fire and Rescue Mutual Aid Fire Fleet.

Key Legislative Additions:

- ***Emergency Response.*** Directs the Office of Emergency Services to create a statewide strategic plan that includes goals for and an assessment of emergency response capacity.

- ***Multifamily Seismic Retrofit Grants.*** Establishes a $250 million Multifamily Seismic Retrofit Matching Grant Program in 2023-24.

GENERAL GOVERNMENT KEY HIGHLIGHTS

Key Actions on Governor's Proposals:

- ***Young Child Tax Credit.*** Adopts the Governor's proposals to provide the existing Young Child Tax Credit to zero-income filers and to create a Foster Youth Tax Credit to provide a $1,000 credit to young adults who were in the foster care system.

- ***CalEITC Outreach.*** Builds upon the Governor's Earned Income Tax Credit (EITC) outreach proposals and provides an additional $10 million (for a total of $20 million ongoing) to increase CalEITC Outreach and Education, provide year round funding to support free tax preparation services and Volunteer Income Tax Assistance (VITA) program, with a specific focus on increasing Individual Taxpayer Identification Number (ITIN) filers.

- ***Small Agricultural Business Drought Relief Grant Program.*** Approves the California Small Agricultural Business Drought Relief Grant Program to provide $75 million one-time General Fund to provide direct assistance to eligible agriculture-related businesses that have been affected by severe drought conditions, however places the program with the California Department of Food and Agriculture.

- ***COVID Relief Grants.*** Adopts the Governor's proposals with some amendments to continue to support COVID Relief Grant Programs by extending encumbrance authority and making statutory changes for the: 1) California nonprofit performing arts program, 2) California venues grant program (including extending it to small theatres), 3) California Microbusinesses and 4) Cultural institutions. In addition the Legislature adds funding to the California Small Business COVID-19 Relief Program. Together, these actions ensure small business and non-profits are able to access funds to recover from pandemic impacts.

- ***Paycheck Protection Program (PPP).*** Adopts the Governor's proposals to update conformity of state tax law to the federal Paycheck Protection Program (PPP) grant period. Previous conformity actions excluded an extension of the federal PPP grant program by two months in spring of 2021. This action allows for all federal PPP grants to be excluded from the definition of income for the purposes of state taxation.

- ***Technical Assistance Expansion Program.*** Adopts the Governor's proposals to increase and provide ongoing funding the Technical Assistance Expansion

Program (TAEP) for small businesses, amended to provide an additional $8 million for Women's Business Centers. Also adopts a proposal to provide ongoing funding for the Capital Infusion Program.

- ***Cannabis Tax Reform.*** Adopts cannabis tax reform with legislative amendments as follows: (1) sets cannabis cultivation tax rate to zero; (2) keeps the cannabis excise rate at 15 percent for three years; (3) allows the California Department of Tax and Fee Administration, in consultation with the Department of Finance and the Department of Cannabis Control, to adjust the cannabis excise tax rate that takes into consideration additional revenues received by December 31, 2025; (4) require an economic study that measures the impacts of tax reform on revenues; (5) sets the minimum baseline for Allocation 3 at $670 million; (6) additional relief for equity operators; (7) adds additional enforcement tools against the illicit cannabis market and worker protections, including enforcement of labor peace agreements; (8) sets aside $150 million General Fund to backfill any revenue loss and counts existing balances that departments are carrying to meet the minimum $670 million baseline, and (9) adds reporting requirements for the Cannabis Tax Fund.

- ***Office of Community Partnerships and Strategic Communications.*** Adopts the Governor's proposal for the new Office of Community Partnerships and Strategic Communications with amendments to provide $65 million per year for the new office. The office will focus on coordinating statewide communications campaigns and maintaining a network of community-based organizations to assist with those efforts. The budget also includes provisional language directing the office to work on outreach to the ITIN population.

- ***Office of Data and Innovation.*** Approves the Governor's May Revision proposal to establish the Office of Data and Innovation.

- ***Business Licensing Fee Waiver.*** Approves the Governor's proposal to provide $40 million to the Secretary of State to waive new business licensing fees.

- ***Veteran Health Initiative.*** Approves the Governor's May Revision proposal to provide $50 million for the California Veteran Health Initiative, to support veteran mental health and suicide awareness, treatment and research.

Key Legislative Additions:

- ***Better for Families Rebates.*** Includes $8 billion for the Better For Families (BFF) Rebates plan to provide relief to Californians from the impacts of high gas

prices and other growing costs due to inflation. The BFF rebates provide $200 per taxpayer and dependent for tax payers with up to $250,000 income for joint filers and $125,000 for single filers. In addition, grants will be provided for CalWorks and SSI/SSP recipients as well as other low-income Californians who do not file taxes.

- ***Earned Income Tax Credit.*** Updates the California Earned Income Tax Credit Program (CalEITC) to provide a minimum credit of $255 per eligible individual taxpayer starting in 2023-24, estimated at $400 million ongoing General Fund and beginning with the 2024 tax year, and restricts the application of the state's debt intercept program to CalEITC recipients.

- ***Hope Accounts.*** Creates the Hope Account Program to provide trust fund accounts for low-income children who have lost parents or caregivers to COVID-19 and for children who have experienced long term foster care. These funds would be available when a child turns 18 and provide additional financial stability for children who may lack other family support.

- ***Cannabis Tax Reform.*** Includes cannabis tax reform that: (1) sets cannabis cultivation tax rate to zero; (2) keeps the cannabis excise rate at 15 percent for three years; (3) allows the California Department of Tax and Fee Administration, in consultation with the Department of Finance and the Department of Cannabis Control, to adjust the cannabis excise tax rate that takes into consideration additional revenues received by December 31, 2025; (4) require an economic study that measures the impacts of tax reform on revenues; (5) sets the minimum baseline for Allocation 3 at $670 million; (6) additional relief for equity operators; (7) adds additional enforcement tools against the illicit cannabis market and worker protections, including enforcement of labor peace agreements; (8) sets aside $150 million General Fund to backfill any revenue loss and counts existing balances that departments are carrying to meet the minimum $670 million baseline, and (9) adds reporting requirements for the Cannabis Tax Fund.

- ***Commission on the Status of Women and Girls.*** Increases funding to the Commission on the Status of Women and Girls by $8.4 million.

- ***Youth Empowerment Commission.*** Includes funding to implement the Youth Empowerment Commission, which was established in law in 2021