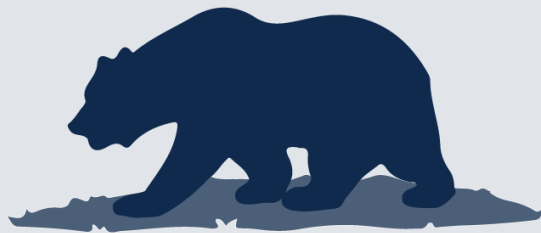


The 2023-24 Budget: Crafting Climate, Resources, and Environmental Budget Solutions



Presented to:

**Senate Budget and Fiscal Review
Subcommittee No. 2 on Resources,
Environmental Protection, and Energy**

March 2, 2023

Legislative Analyst's Office

Recent and Planned Augmentations to Climate, Resources, and Environmental Programs

(In Millions)

Thematic Area	2021-22	2022-23	2023-24	2024-25	2025-26	Totals
Zero-Emission Vehicles	\$3,351	\$3,168	\$2,107	\$858	\$460	\$9,944
Energy	2,425	3,002	2,626	654	918	9,625
Water and Drought	5,508	1,435	1,119	133	558	8,752
Wildfire and Forest Resilience	526	968	630	690	—	2,814
Nature-Based Activities and Extreme Heat	186	1,384	743	—	—	2,314
Community Resilience	522	935	715	—	—	2,172
Sustainable Agriculture, Circular Economy, and Other Programs	944	795	33	—	—	1,771
Parks, Museums, and Access	915	420	88	96	27	1,548
Coastal Resilience	19	606	652	19	—	1,295
Totals	\$14,395	\$12,714	\$8,713	\$2,450	\$1,963	\$40,236^a

^a Includes \$33.7 billion from the General Fund and \$6.4 billion from other fund sources, including the Greenhouse Gas Reduction Fund and Proposition 98.

Status of Recent Augmentations

- **Departments Still in the Process of Implementing New Funding**
- **Data Indicate a Significant Amount of Recent Funding Has Not Yet Been Committed**
 - As of February 2023, \$11.4 billion out of \$27 billion provided in 2021-22 and 2022-23 is uncommitted.
- **Outcomes and Success of Recent Augmentations Largely Still Unknown**

State Facing a Multibillion-Dollar Budget Problem

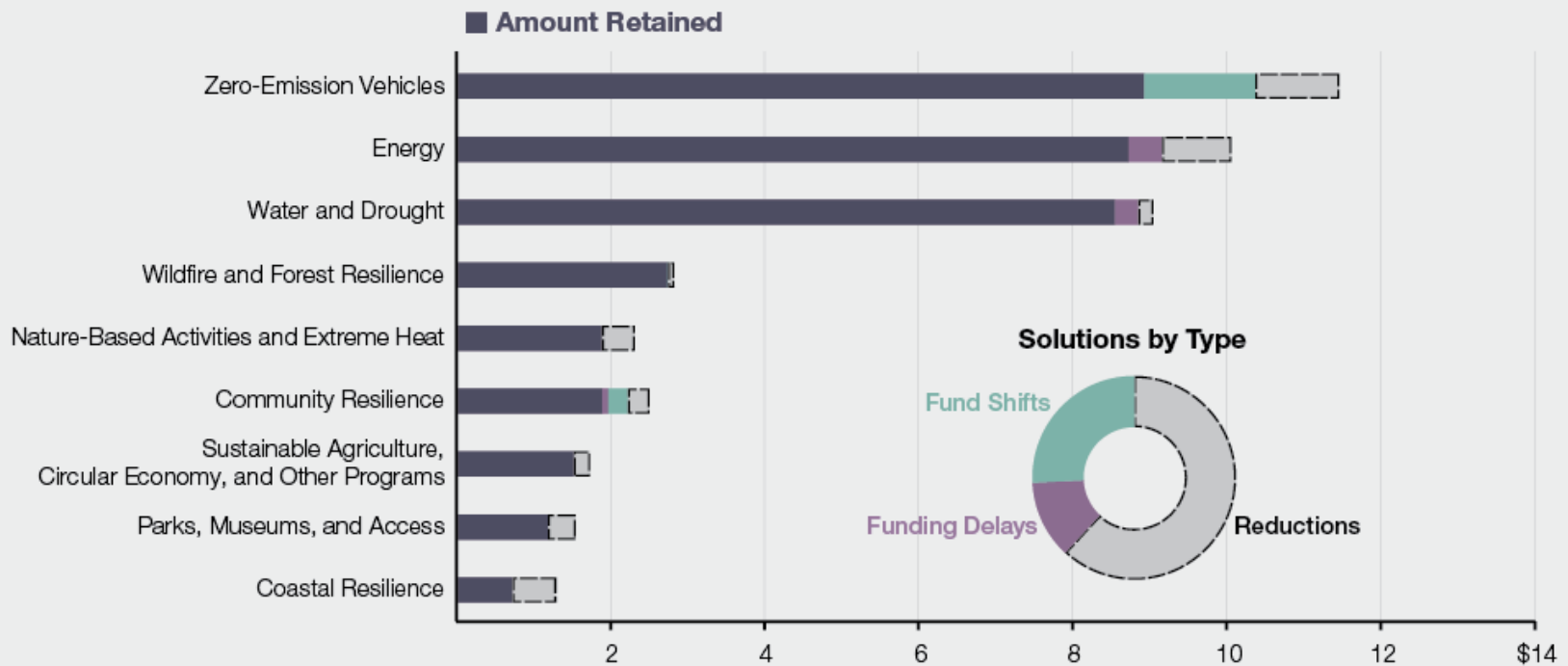
- **Deteriorating Revenue Picture Since June**
- **Revenues Currently Estimated to be Insufficient to Cover Planned Expenditures**
- **Roughly \$20 Billion Shortfall for 2023-24**
- **Out-Year Operating Deficits Projected**
- **Budget Outlook Could Be Even Worse**

Governor's Proposals

- **\$5.8 Billion in Budget Solutions Across Five Years, including \$5.5 Billion in 2023-24**
 - \$4.1 billion in reductions (\$3.8 billion in 2023-24).
 - \$1.7 billion in fund shifts (\$875 million in 2023-24).
 - \$800 million in funding delays.
- **\$2.2 Billion in Potential “Trigger” Restorations**
- **Greenhouse Gas Reduction Fund (GGRF) Trigger Restoration Approach**
- **Some New Spending**

Governor's Proposed Changes to Climate, Resources, and Environmental Programs

2021-22 Through 2025-26 (In Billions)



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Overarching Assessment

- **While Need for Programs Remains, Identifying Budget Solutions Is Appropriate**
- **Overall Approach Is Reasonable, but Specific Choices Reflect the Governor's Priorities**
- **Fund Shifts Not Without Trade-Offs**
- **Triggers Would Minimize Legislative Authority**
- **Portion of Governor's Solutions Used to "Make Room" for New Spending**
- **Additional Solutions May Be Needed**

Overarching Recommendations

➤ **Adopt Package of Solutions Based on Legislative Prioritization Criteria**

- Preserve activities that reflect legislative priorities and goals.
- Preserve funding that is needed to urgently address pressing needs.
- Avoid solutions that would cause major disruptions.
- Consider other available resources.

Overarching Recommendations

(Continued)

- **Be Selective When Opting to Delay Funding**
- **Reject Both General Fund and GGRF Trigger Proposals**
- **Use Spring Budget Process to Identify Additional Potential Budget Solutions**
- **Weigh Relative Priority of New Spending Against Existing Commitments**
- **Request Additional Information on Federal Funding**
- **Conduct Oversight of Spending and Outcomes**

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