

MARCH 1, 2023

Overview of Climate, Resources, and Environmental Budget Proposals

PRESENTED TO:

Assembly Budget Subcommittee No. 3 on Climate
Crisis, Resources, Energy, and Transportation
Hon. Steve Bennett, Chair



LEGISLATIVE ANALYST'S OFFICE

Recent Budgets Included Significant General Fund Augmentations

- **Over \$40 Billion in One-Time Spending Across Five Years for Climate, Natural Resources, and Environmental Programs**
 - Primarily from the General Fund (\$34 billion), along with some special funds (\$6.4 billion).
 - Includes \$27 billion already provided and \$8.7 billion intended for 2023-24.

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

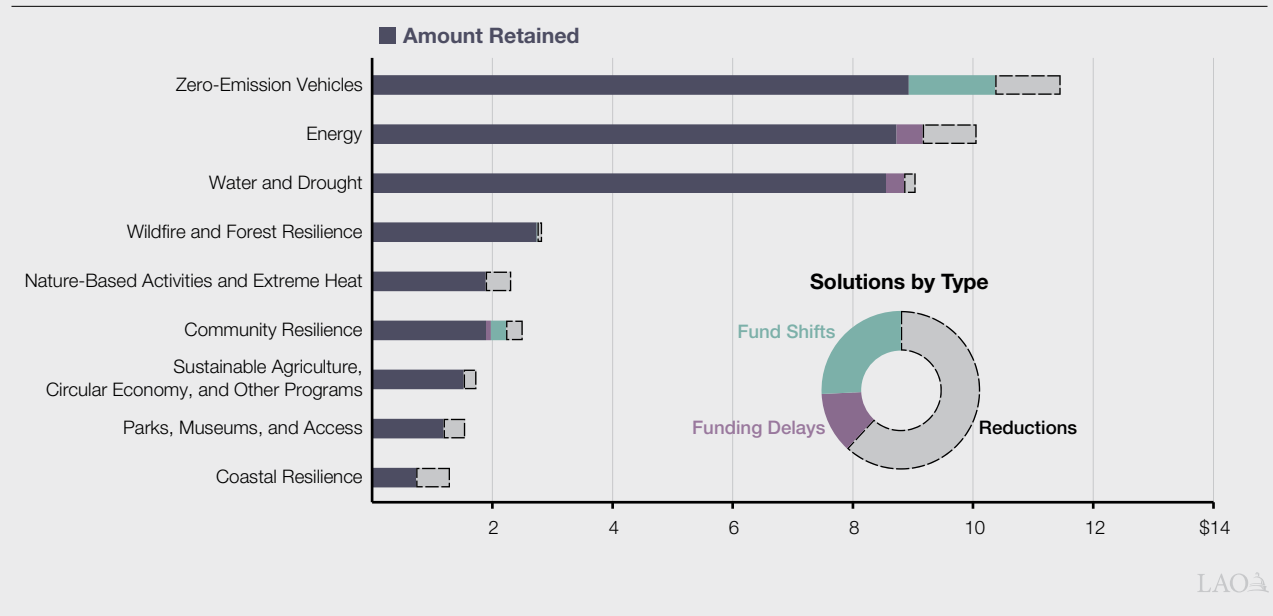
^a Includes \$33.7 billion from the General Fund and \$6.4 billion from other fund sources, including the Greenhouse Gas Reduction Fund and Proposition 98.



Governor's Proposals

- **State Faces a Multibillion Dollar Budget Problem**
- **Governor Proposes \$5.8 Billion in General Fund Solutions From Climate, Natural Resources, and Environmental Programs**
 - Solutions include \$5.5 billion in General Fund savings in 2023-24—\$3.8 billion from spending reductions, \$875 million from reducing General Fund and backfilling with a different fund source, and roughly \$800 million from delaying spending to a future year.
 - Takes a different approach across various categories, but overall maintains majority of intended spending (90 percent).

Governor's Proposed Changes to Climate, Resources, and Environmental Programs
2021-22 Through 2025-26 (In Billions)



Governor's Proposals

(Continued)

- **Suggests Some Proposed Reductions Could Be Restored if General Fund “Trigger” Conditions Are Met**
 - Also proposes trigger restoration approach for spending from the Greenhouse Gas Reduction Fund.
- **Proposes Some New Discretionary Climate and Natural Resources Spending**



LAO Overarching Assessment

- **While Need for Programs Remains, Identifying Budget Solutions Is Appropriate Given Magnitude of Recent One-Time Augmentations**
- **Overall Approach Is Reasonable, but Specific Choices Reflect the Governor’s Priorities**
- **Legislature Could Apply Its Own Criteria, Select Different Set of Solutions**
- **As Legislature Modifies Funding Levels, It Could Also Consider Refocusing Programs**
- **Proposed Fund Shifts Would Have Programmatic Impacts**
- **Potential for Federal Funds Could Help Ease—but Not Fully Backfill—Proposed General Fund Reductions**
- **Triggers Would Minimize Legislative Authority**
- **Portion of Governor’s Solutions Used to “Make Room” for New Spending**
- **Additional Solutions May Be Needed if Budget Problem Worsens**



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.
- **Be Selective When Opting to Delay Funding**
- **Reject Both General Fund and Greenhouse Gas Reduction Fund 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**

