

CLIMATE CHANGE

California is on the frontline of the global climate crisis with record-breaking heat, historic drought, extreme flooding, and devastating wildfires impacting communities across the state. In 2022, California enacted world-leading, aggressive measures to cut carbon pollution, accelerate the state's efforts on clean energy and clean transportation, and protect Californians from harmful oil drilling.

The 2022 Budget Act delivered a climate and opportunity agenda to fully integrate climate solutions with equity and economic opportunity. With critical investments in health, education and jobs, the state's climate agenda is simultaneously confronting the crisis while building a more resilient, just, and equitable future for all Californians.

The 2021 and 2022 Budget Acts allocated approximately \$54 billion over five years to advance the state's climate agenda. The Budget maintains approximately \$48 billion (89 percent) of these investments and continues to prioritize equity and investments in priority populations, which face disproportionate harm from pollution and the climate crisis. Given the projected decline in General Fund revenues, the Budget includes reductions across several climate programs, which are partially offset by shifts to other fund sources. If there is sufficient General Fund in January 2024, most of these reductions will be restored. See the Introduction Chapter for further information on this trigger.

Further, the Administration will continue to pursue available federal funding, including the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA), to offset the decrease of state funds for these climate-related programs. The

Administration will also engage the Legislature to explore a bond. The Budget includes additional resources to continue to advance the climate and opportunity agenda.

CLIMATE PILLAR LEGISLATION IMPLEMENTATION

In 2022, California enacted landmark climate legislation to advance the Administration's climate goals of cutting pollution, advancing carbon neutrality, protecting Californians from polluters, developing a carbon removal target date for natural and working lands, and accelerating the state's transition to clean energy. The Administration has begun these initiatives and the Budget includes resources to continue implementation.

- **Protecting Communities from Impacts of Oil Drilling**—Chapter 365, Statutes of 2022 (SB 1137) protects communities and the environment from the harmful impacts of oil and gas production by establishing a setback distance of 3,200 feet between any new oil wells and homes, schools, parks or businesses open to the public and provides comprehensive pollution controls for existing oil wells within 3,200 feet of these facilities. The Budget includes \$14.6 million Oil, Gas, and Geothermal Administrative Fund in 2023-24, \$20 million in 2024-25 and \$19.6 million ongoing across several departments to implement this legislation.
- **Nature-Based Solutions**—Chapter 341, Statutes of 2022 (AB 1757) outlined a comprehensive portfolio of new initiatives that include setting targets, quantifying and reporting progress, updating the state strategy, and engaging with experts, to develop an ambitious range of carbon removal targets for natural and working lands. The Budget includes \$7.6 million General Fund and Cost of Implementation Account in 2023-24 and \$5 million ongoing to support implementation.
- **Clean Electric Grid**—Chapter 361, Statutes of 2022 (SB 1020) advances new interim clean energy targets for California while increasing community engagement. The bill requires eligible renewable energy resources and zero-carbon resources supply 90 percent of all retail sales of electricity to California end-use customers by December 31, 2035; 95 percent of all retail sales of electricity to California end-use customers by December 31, 2040; and 100 percent of electricity procured to serve all state agencies by December 31, 2035. SB 1020 accelerates Chapter 312, Statutes of 2018 (SB 100) requirements for state agencies by ten years. The Budget includes \$4 million from various funds (General Fund, Cost of Implementation Account, Greenhouse Gas Reduction Fund, and Public Utilities Commission Utilities

Reimbursement Account) in 2023-24, and additional ongoing funds, across multiple agencies to support implementation.

The Administration is continuing to assess the implementation needs of Chapter 359, Statutes of 2022 (SB 905), which establishes a regulatory framework for carbon removal and carbon capture, utilization, and sequestration, and bans the practice of injecting carbon dioxide for the purpose of enhanced oil recovery and intends to submit a proposal in the Spring. The Administration also continues to evaluate the implementation needs of Chapter, 337 Statutes of 2022 (AB 1279), which codifies the statewide carbon neutrality goal to dramatically reduce climate pollution.

KLAMATH DAMS REMOVAL: LARGEST RIVER RESTORATION PROJECT IN AMERICAN HISTORY

This spring, work begins to remove dams, improve river health, address declines in fish populations and support communities in the Klamath Basin. Removal of the four hydroelectric dams in California and Oregon will restore access to hundreds of miles of habitat unreachable for salmon and steelhead for more than a century and revitalize tribal communities and lifeways for generations to come.

The Klamath Hydroelectric Settlement Agreement, signed by both Oregon and California governors in 2010 and amended in 2016, contemplated dam removal to achieve free-flowing conditions for fish passage, restoration, and transfer of project lands for recreation, restoration, and further Tribal partnerships. In November 2022, the Federal Energy Commission gave final approval for a plan to remove the dams in California and Oregon.

The Budget includes \$2 million General Fund in 2023-24 and \$1.3 million ongoing and five permanent positions for the Department of Fish and Wildlife to establish two new programs to support the protection and management of fish and wildlife, recreational opportunities, and collaborative Tribal partnerships before, during, and after dam removal.

CLIMATE INVESTMENTS

TRANSPORTATION AND CLIMATE

Responsible for more than half of the state's climate emissions, the transportation sector generates air pollution, with a disproportionate impact to low-income and underrepresented communities. Climate investments in this area will deliver opportunities for affected communities, accelerating job-creating clean technologies, advancing environmental justice, and reducing emissions from the transportation system.

ZERO-EMISSION VEHICLES (ZEV) ACCELERATION

With nearly half of the nation's ZEVs and clear mandates for moving to clean trucks and buses, California is leading the world towards a zero-emission transportation future. The 2021 and 2022 Budget Acts committed \$10 billion over five years in investments to the state's ZEV agenda—ranging from cleaning up drayage trucks and school buses to accelerating equitable electrification of passenger vehicles—coupled with infrastructure and incentives for in-state manufacturing.

The Budget maintains \$8.9 billion (89 percent) of ZEV investments with a focus on communities that are the most affected. This includes targeted investments in disadvantaged and low-income communities by increasing access to the benefits of clean transportation and by continuing to decarbonize California's transportation sector and improve public health.

The Budget includes \$2.5 billion of General Fund reductions across various ZEV programs, which are partially offset by approximately \$1.4 billion in fund shifts to Cap and Trade funds. Further, the Administration will pursue additional federal funding to help offset the decrease in state funds. For example, the federal IRA includes \$100 billion to states for clean energy and climate investments. The Administration will continue to aggressively pursue this federal funding. The Budget also includes a mechanism to allocate any additional discretionary Cap and Trade auction proceeds towards ZEV programs. Additionally, the Administration will work with the Legislature to reauthorize Chapter 401, Statutes of 2013 (AB 8) to provide continued funding for clean transportation programs.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Equitable Zero-Emission Vehicles and Infrastructure**—A reduction of \$745 million General Fund, which is partially offset by a shift of \$535 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$2.1 billion (91 percent) for programs that expand affordable and convenient ZEV infrastructure access in low-income neighborhoods.
- **Heavy-Duty Zero-Emission Vehicles and Supporting Infrastructure**—A reduction of \$1.5 billion General Fund, which is partially offset by a shift of \$839 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$5.3 billion (89 percent) for programs that support drayage, transit and school busses, and port ZEVs and infrastructure.
- **Zero-Emission Mobility**—A reduction of \$184 million General Fund, which is partially offset by a shift of \$25 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$180 million (53 percent) for sustainable community-based transportation equity projects that increase access to zero-emission mobility in low-income communities.
- **Emerging Opportunities and Federal Programs**—A reduction of \$133 million General Fund, which is partially offset by a shift of \$40 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$1.3 billion (93 percent) to invest in demonstration and pilot projects in high carbon-emitting sectors, such as maritime, aviation, rail, and other off-road applications, as well as support for hydrogen infrastructure, and vehicle grid integration at scale.

TRANSPORTATION

The Budget demonstrates a continued commitment to address transportation-related climate issues. As the largest contributor of California's greenhouse gas emissions, the transportation sector must align project delivery with climate change solutions. The state must continue to move toward a multi-modal, zero-emission transportation future to reduce carbon emissions and improve health benefits, while supporting safety, equity, and economic growth.

Through the implementation of the Climate Action Plan for Transportation Infrastructure (CAPTI), California is making significant progress toward these goals, prioritizing state and federal funding for sustainable transportation projects, and

leveraging billions of dollars for transportation infrastructure to reduce greenhouse gas emissions.

More specifically, state investments are:

- Reducing millions of metric tons of carbon dioxide from the environment.
- Advancing projects statewide to improve rail and transit connectivity between state and local/regional services—including advancement of the nation's first truly high-speed rail project.
- Enhancing safety and access for bicyclists and pedestrians, and targeting critical highway/rail grade separations and grade crossing improvements on key corridors throughout the state to reduce fatalities and injuries on the transportation system.
- Supporting climate resiliency and reducing risks from climate impacts.
- Removing historic barriers and connecting disadvantaged communities, increasing access to opportunity.
- Delivering transportation projects that support the development of compact or infill housing to help California meet its housing goals and reducing vehicle miles traveled.
- Moving the state away from fossil fuel-based technologies and toward cleaner transportation technologies, including zero-emission vehicles and clean infrastructure.

The 2022 Budget Act included \$13.8 billion for transportation programs and projects that align with the state's climate goals. Given the projected decline in General Fund revenues, the Budget includes \$2.7 billion in General Fund reductions, partially mitigated by an additional \$500 million from state transportation funds, to maintain \$11.6 billion (84 percent) of these investments. This considerable level of investment will position the state to continue pursuing significant federal funding through the IIJA and other federal programs by leveraging funding from both state and local sources. To date, California has secured \$38 billion in IIJA formula funding for highway and transit programs and could receive billions more in additional competitive federal transportation grants over the five years of IIJA implementation.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Transit Intercity Rail Capital Program**—A reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in each of 2024-25 and 2025-26. These funds are set to be allocated proportionally, by region, based on population. This maintains approximately \$5.7 billion (74 percent) of the original \$7.7 billion planned additional funds for local transit capital infrastructure projects. If there is sufficient General Fund in January 2024, this reduction will be restored. See the Introduction Chapter for further information on this trigger.
- **Active Transportation Program**—A reduction of \$500 million General Fund, with \$300 million of the reduction being restored from State Highway Account funds, for a net reduction of \$200 million. This will allow the program to sustain all of the programming capacity approved in the 2023 programming cycle. This maintains approximately \$850 million (81 percent) of the original \$1.05 billion of additional funds for projects that increase the proportion of trips accomplished by walking or biking and increase the safety and mobility of non-motorized users.
- **Climate Adaptation Program**—A shift of \$200 million General Fund with \$200 million State Highway Account funding, leaving unaffected the project funding that supports climate resiliency and reduces infrastructure risk.
- **Safety Grade Separations**—A delay of \$350 million of funding originally planned to be available in 2023-24, which will instead be made available in 2025-26. Given the multi-year nature of these types of projects, this shift should not significantly impact the ability to deliver the same number of originally planned projects that improve safety for people walking, biking, and driving at rail crossings.

ENERGY

California is building the clean, reliable, affordable and safe energy system of the future to provide reliable power to the public, and combat climate change and the stresses it poses to the grid. The 2022 Budget Act provided a total of \$7.9 billion in energy budget investments and legislative actions to expedite the state's transition to clean energy and funded important reliability programs that provided critical support to the grid during a record-breaking September 2022 heat event. In addition, Chapter 239, Statutes of 2022 (SB 846) proposed \$1 billion over three years beginning in 2023-24 for a Clean Energy Reliability Investment Plan, subject to later appropriation.

The Budget maintains \$7 billion (89 percent) of last year's investments, and proposes an initial allocation of the \$100 million in 2023-24 from SB 846 Clean Energy Reliability Investment Plan funds for reliability and enabling investments that will accelerate the clean energy transition.

Now and in the future, the state will continue to prioritize affordability, reliability and safety as the state encourages efforts to decarbonize the grid and scale deployment of clean energy generation and storage. The state stepped up support for these energy priorities with the financial assistance and investments in 2022, using General Fund to support reliability, development and deployment of critical technologies. The Administration continues to evaluate actions while considering ratepayer impacts and has tasked the state's energy agencies with focusing both General Fund and ratepayer dollars on the most critical investments to achieve the state's energy and climate goals.

SIGNIFICANT BUDGET ADJUSTMENTS

The 2023-24 Governor's Budget proposes \$897 million General Fund in reductions and \$370 million General Fund in delays to future years. If there is sufficient General Fund in January 2024, up to \$410 million of these reductions will be restored. See the Introduction Chapter for further information on this trigger.

- **California Arrearage Payment Program**—The Budget reverts \$400 million in California Emergency Relief Funds in 2022-23 to the General Fund, for savings from the California Arrearage Payment Program, based on actual applications received and approved for funding. This program addressed residential utility arrearages accrued during the COVID-19 Pandemic.
- **Residential Solar and Storage**—A reduction of \$270 million in 2023-24 from the Residential Solar and Storage program at the Public Utilities Commission. This maintains approximately \$630 million (70 percent) for solar and storage incentives for low-income utility customers.
- **Long Duration Energy Storage**—A reduction of \$50 million in 2023-24 from the Long Duration Energy Storage Program at the California Energy Commission (CEC). This maintains approximately \$330 million (87 percent) for support of long duration energy storage projects that will help with the state's energy transition.
- **Carbon Removal**—A reduction of \$25 million in 2023-24 from the Carbon Removal Program at the CEC. This maintains approximately \$75 million (75 percent) for projects that support the removal of carbon.

- **Transmission Financing**—A reduction of \$25 million in 2023-24 from the Transmission Financing Program at the California Infrastructure Bank. This maintains approximately \$225 million (90 percent) for financing support of new energy transmission projects.
- **Accelerating Adoption of Low Global Warming Pollutant Refrigerants**—A reduction of \$20 million in 2023-24 from the Air Resources Board Equitable Building Decarbonization program to Accelerate Adoption of Low Global Warming Pollutant Refrigerants. This maintains approximately \$20 million (50 percent) for support of businesses adopting technologies with low global warming pollutant refrigerants.
- **Food Production Investment Program**—A reduction of \$10 million in 2023-24 from the Food Production Investment Program at the CEC. This maintains approximately \$65 million (87 percent) for support of projects that help with the decarbonization of the food production process.
- **Industrial Grid Support and Decarbonization**—A reduction of \$10 million in 2022-23 from the Industrial Grid Support and Decarbonization at the CEC. This maintains approximately \$90 million (90 percent) for projects that support decarbonization of the industrial sector and provide grid support.
- **Equitable Building Decarbonization**—A delay of \$370 million of funds in the current year and the budget year to future years for the Equitable Building Decarbonization Program at the CEC. In addition, a reduction of \$87 million is planned for 2025-26 for this program. This maintains approximately \$835 million (91 percent) for support of projects reducing greenhouse gas emissions in homes and advancing energy equity.

OTHER ENERGY-RELATED BUDGET ADJUSTMENTS

- **Climate Innovation Program**—A delay of \$150 million of funds in the current year and the budget year to 2026-27 for the Climate Innovation Program at the CEC.

WILDFIRE AND FOREST RESILIENCE

The ongoing impact of climate change on California's wildlands continues to drive critically dry fuel conditions and longer, more severe fire seasons. The 2021 and 2022 Budget Acts committed \$2.8 billion over four years to continue strengthening forest and wildfire resilience statewide.

The Budget maintains \$2.7 billion (97 percent) of funding to advance critical investments in forest health and fire prevention to continue to reduce the risk of catastrophic wildfires, as well as resources for fire protection in the state's wildfire response. The Budget includes \$91 million in General Fund reductions across various programs, which are partially offset by a \$14 million shift to Proposition 98. If there is sufficient General Fund in January 2024, reductions not otherwise offset by other funds will be restored. See the Introduction Chapter for further information on this trigger.

SIGNIFICANT BUDGET ADJUSTMENTS

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

DROUGHT RESPONSE AND WATER RESILIENCE

California is experiencing large swings between drought and flood, and due to climate change, those swings are becoming more severe. Last year, water project operators made only minimal deliveries to farms and cities, and wildlife managers took extraordinary action to protect fish and wildlife.

The three-year period from 2020 to 2022 is now the driest on record going back to 1896. The recent winter storms have provided the best start to California's snowpack in over a decade. However, as seen last winter, a wet December led to above average snowfall but was followed by the driest January, February, and March on record.

In August 2022, Governor Newsom announced "California's Water Supply Strategy, Adapting to a Hotter, Drier Future," which lays out California's strategy and priority actions to adapt and protect water supplies in an era of rising temperatures. It calls for investing in new sources of water supply, accelerating projects, and modernizing how the state manages water through new technology. As California continues to experience weather swings that deliver temporary boosts to the snowpack, there is intensifying flood risk, even during drought. The new normal extreme weather patterns place a heightened importance on flood preparedness and response.

The 2021 and 2022 Budget Acts committed \$8.7 billion over multiple years to support drought resilience and response designed to help communities and fish and wildlife avoid immediate negative impacts as a result of extreme drought, while continuing to advance projects and programs that prepare the state to be more resilient to future droughts and floods.

The Budget maintains \$8.6 billion (98 percent) of previously committed funding to minimize the immediate economic and environmental damage from the current drought and support hundreds of local water projects to prepare for and be more resilient to future droughts. The Budget includes \$194 million in General Fund reductions across various programs. If there is sufficient General Fund in January 2024, reductions not otherwise delayed will be restored. See the Introduction Chapter for further information on this trigger.

In addition, the Budget also includes new strategic investments to continue supporting the state's drought response, accelerate implementation of the state's water supply strategy, and increase flood preparedness and response.

SIGNIFICANT BUDGET ADJUSTMENTS

NEW INVESTMENTS

- **Urban Flood Risk Reduction**—\$135.5 million General Fund over two years to support local agencies working to reduce urban flood risk.
- **Delta Levees**—\$40.6 million General Fund for ongoing Delta projects that reduce risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.
- **Central Valley Flood Protection**—\$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.

- **2023 Drought Contingency**—\$125 million General Fund one-time as a drought contingency set-aside to be allocated as part of the spring budget process, when additional water data will be available to inform future drought needs.
- **Planning and Permitting for New Water Supplies**—\$4.7 million Waste Discharge Permit Fund in 2023-24, and \$5.7 million Waste Discharge Permit Fund and \$408,000 Safe Drinking Water Account ongoing to support planning and permitting for projects that produce new water supplies.
- **Modernizing Water Rights**—\$31.5 million General Fund one-time in 2023-24 to continue development of the Updating Water Rights Data for California Project to enhance California's water management capabilities.
- **Urban Water Use Objectives**—\$7 million General Fund over four years to implement Chapter 679, Statutes of 2022, (SB 1157), which established a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts. This approach is based on water use efficiency standards for certain categories of water use, including indoor residential water use.
- **San Joaquin River Basin Groundwater Recharge: Water Availability Analysis and Technical Assistance**—\$4.9 million General Fund over five years to continue to provide local water districts methodologies and tools to conduct water availability analyses, which will help facilitate groundwater recharge, one of the core pillars of the Water Supply Strategy.
- **Stream Gages**—\$4.7 million General Fund over two years to begin reactivation of historical stream gages, consistent with the SB 19 Stream Gaging Prioritization Plan and as called for in the Water Supply Strategy.

ADDRESSING THE BUDGET PROBLEM

- **Watershed Resilience Programs**—A reduction of \$24 million General Fund in 2023-24 and a delay of an additional \$270 million General Fund to 2024-25. This maintains approximately \$470 million (95 percent) across various watershed resilience programs.
- **Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Cleanup**—A reduction of \$70 million General Fund in 2023-24 and a delay of an additional \$30 million General Fund to 2024-25. This maintains approximately \$130 million (65 percent) of PFAS cleanup resources.

- **Water Recycling**—A reduction of \$40 million General Fund in 2023-24. This maintains approximately \$760 million (95 percent) to support water recycling and groundwater clean-up.
- **State Water Efficiency and Enhancement Program**—A reduction of \$40 million General Fund in 2022-23. This maintains approximately \$120 million (75 percent) to support farm water use efficiency projects.
- **Aqueduct Solar Panels**—A reduction of \$15 million General Fund in 2021-22. This maintains approximately \$20 million (57 percent) to support aqueduct solar panel pilot studies.
- **Water Refilling Stations at Schools**—A reduction of \$5 million General Fund in 2022-23, which eliminates funding for this purpose.

EXTREME HEAT AND COMMUNITY RESILIENCE

Communities are at the center of California's climate agenda. The 2021 and 2022 Budget Acts committed \$649 million for extreme heat and \$1.9 billion for community resilience investments over multiple years to advance climate resilience in low-income and underrepresented communities. These include programs that align economic resilience with the state's climate agenda, advance environmental justice, and empower regional, tribal and local communities. These investments are particularly significant in the area of extreme heat, which poses disproportionate consequences for the most vulnerable populations, including tribal nations, low-income neighborhoods, communities of color, and older and disabled adults.

The Budget maintains \$444 million (68 percent) of extreme heat funding and \$1.6 billion (85 percent) of community resilience funding over several years to reduce urgent risks and build long-term climate resilience, including to address the impacts of extreme heat across California. The Budget includes \$735 million of General Fund reductions across various programs, which are partially offset by a \$250 million fund shift to Cap and Trade funds. If there is sufficient General Fund in January 2024, reductions not otherwise delayed will be restored. See the Introduction Chapter for further information on this trigger.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Urban Greening Program**—A reduction of \$100 million General Fund in 2023-24. This maintains approximately \$150 million (60 percent) for this program.

- **Extreme Heat and Community Resilience Program**—A reduction of \$25 million General Fund in 2022-23 and \$50 million in 2023-24. This maintains approximately \$100 million (57 percent) for this program.
- **Urban Forestry Program**—A reduction of \$20 million General Fund in 2022-23 and \$10 million in 2023-24. This maintains approximately \$80 million (73 percent) for this program.
- **Community Resilience Centers**—A delay of \$85 million General Fund to 2024-25. This program remains fully funded, but the funds would be provided later than initially allocated.
- **Regional Climate Resilience**—A reduction of \$25 million General Fund in 2022-23 and \$100 million in 2023-24. This maintains approximately \$125 million (50 percent) for this program.
- **Transformative Climate Communities Program**—A reduction of \$65 million General Fund in 2022-23 and \$40 million in 2023-24. This maintains approximately \$315 million (75 percent) for this program.
- **Community Air Protection Program**—A reduction of \$50 million in 2023-24 for this program, which includes a shift of \$250 million to the Greenhouse Gas Reduction Fund. This maintains approximately \$560 million (92 percent) for this program.

NATURE-BASED SOLUTIONS AND COASTAL RESILIENCE

California's natural and working lands are essential to combating the climate crisis and protecting the state's world-renowned biodiversity. In 2022, over 190 countries joined the 30x30 Initiative, following California's lead in committing to conserve 30 percent of our lands and coastal water by 2023 to protect biodiversity, expand equitable access to nature and its benefits, combat climate change, and build resilience to climate impacts. Additionally, the state's coastal and ocean ecosystems are critical to building resilience to sea level rise and flooding. The 2021 and 2022 Budget Acts committed \$1.6 billion for nature-based solutions and \$1.3 billion for coastal resilience over multiple years.

The Budget maintains \$1.3 billion (86 percent) of nature-based solutions funding and \$734 million (57 percent) of coastal resilience funding. The Budget includes \$779 million in General Fund reductions across various programs. If there is sufficient General Fund in January 2024, reductions not otherwise delayed will be restored. See the Introduction Chapter for further information on this trigger.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Protecting Fish and Wildlife from Changing Climate**—A reduction of \$35 million General Fund in 2023-24. This maintains approximately \$318 million (90 percent) for this purpose.
- **State Conservancy Nature-Based Solutions**—A reduction of \$100 million General Fund in 2023-24. This maintains approximately \$130 million (57 percent) of state conservancy nature-based solutions funding and \$662 million (87 percent) of all state conservancy funding within other areas of the budget.
- **Natural Community Conservation Program Planning and Land Acquisition**—A reduction of \$6 million General Fund in 2022-23. This maintains approximately \$30 million (83 percent) of program funding.
- **Climate Smart Land Management Program**—A reduction of \$4 million General Fund in 2022-23. This maintains approximately \$16 million (80 percent) of program funding.
- **Local and Tribal Nature-Based Solutions Corps**—A reduction of \$12.5 million General Fund in 2022-23 and \$11 million in 2023-24. This maintains approximately \$25.5 million (52 percent) of program funding.
- **San Joaquin Valley Flood Plain Restoration**—A reduction of \$40 million General Fund in 2023-24, which eliminates funding for this purpose.
- **San Francisco Bay Wetlands Support**—A reduction of \$10.4 million General Fund in 2022-23, which eliminates funding for this purpose.
- **Ocean Protection**—A reduction of \$69 million in 2023-24 and \$10 million in 2024-25 across various ocean protection programs administered by the Ocean Protection Council. This maintains approximately \$139 million (64 percent) for this purpose.
- **Coastal Protection and Adaptation**—A reduction of \$175 million in 2022-23, \$297 million in 2023-24 and \$9 million in 2024-25 across various coastal protection and adaptation programs administered by the State Coastal Conservancy. This maintains approximately \$582 million (55 percent) for this purpose.

CLIMATE SMART AGRICULTURE

California's agricultural output is where unrivaled innovation meets world-renowned output. In the face of mounting climate change-driven challenges like drought and extreme heat, California's farmers continue to produce food that improves nutritional

outcomes in historically underserved communities and feeds households across this state and around the world. California agriculture is also on the frontline of fighting climate change by pioneering climate smart agriculture that fosters innovation in carbon sequestration, emissions reduction, and ecosystem resilience improvements. The 2021 and 2022 Budget Acts committed \$1.1 billion over multiple years for climate smart agriculture investments and to help foster a healthy, resilient, and equitable food system.

The Budget maintains \$1 billion (89 percent) of sustainable agriculture investments. The Budget includes \$128 million in General Fund reductions across various programs. If there is sufficient General Fund in January 2024, reductions will be restored. See the Introduction Chapter for further information on this trigger.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Healthy, Resilient, and Equitable Food Systems Investment**—A reduction of \$20.6 million General Fund in 2021-22 and \$8.9 million in 2022-23 across the Urban Agriculture Program, Healthy Refrigeration Grant Program, and Farm to Community Food Hubs Program. This maintains approximately \$98 million (77 percent) for healthy, resilient, and equitable food system programs.
- **Climate Smart Agriculture Programs**—A reduction of \$8.5 million General Fund in 2021-22 and \$85.7 million in 2022-23 across various programs including Healthy Soils Program, Sustainable Cannabis Pilot Program, Pollinator Habitat Program, Conservation Agriculture Planning Grant Program, greenhouse gas reduction research, Invasive Species Council, and Climate Catalyst Fund. This maintains approximately \$867 million (90 percent) for climate smart agriculture programs.
- **Economic Recovery and High-Road Job Growth**—A reduction of \$4.7 million General Fund in 2022-23 for the New and Beginning Farmer Training and Farm Manager Apprenticeships Program. This maintains approximately \$5 million (50 percent) for this program.

CIRCULAR ECONOMY

Building the circular economy will help California combat climate change and move to a carbon neutral future by reducing methane pollution and plastic waste. The 2021 and 2022 Budget Acts included \$468 million over two years for programs support of a circular economy that recognizes waste as a resource, shifting the state's focus to a more resilient and renewable economy in California.

The Budget maintains \$443 million (95 percent) of investments to support implementation of goals to reduce short-lived climate pollutants and advancing organic waste infrastructure. The Budget includes \$24 million in General Fund reductions across several programs. If there is sufficient General Fund in January 2024, reductions will be restored. See the Introduction Chapter for further information on this trigger.

Successfully building California's circular economy will require innovative solutions and approaches to waste. The Budget includes \$2.3 million from various special funds for the Department of Resource Recycling and Recovery to develop a zero waste plan that develops a roadmap for the transition to a true circular economy that reduces use of natural resources, brings new remanufacturing industries and jobs to the state, and enhances the ability of Californians to recycle.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Composting Opportunities**—A reduction of \$4.8 million General Fund in 2021-22. This maintains approximately \$7.8 million (62 percent) for composting programs.
- **Recycling Feasibility Grant**—A reduction of \$2 million General Fund in 2021-22 and \$13 million in 2022-23, eliminating funding for this program.
- **Recycling Market Development Zone Loan Program**—A reduction of \$4.5 million General Fund in 2022-23. This maintains approximately \$45.5 million (91 percent) for this program.

CLIMATE HEALTH

Climate change affects the health of every Californian, but some communities experience disproportionate public health impacts from climate change more than others. The 2022 Budget allocated \$346 million General Fund over multiple years for investments to address the health impacts of climate change.

The Budget maintains \$321 million (93 percent) of these investments in recognition of the continuing statewide goal of mitigating the health impacts of climate change. If there is sufficient General Fund in January 2024, reductions not otherwise offset by other funds or delayed will be restored. See the Introduction Chapter for further information on this trigger.

SIGNIFICANT BUDGET ADJUSTMENTS

- **Community Health Workers Program**—Delays \$130 million General Fund in 2023-24 for the California 25x25 Initiative (Community Health Worker Initiative Grants in Health Care Access and Information) into out years. This program remains fully funded, but the funds would be provided later than initially anticipated including \$65 million in both 2024-25 and 2025-26.
- **Climate and Health Resilience Planning**—A reduction of \$25 million General Fund in 2022-23 for Climate and Health Resilience Planning Grants, which eliminates funding for this purpose.