July 15, 2020

Honorable Holly Mitchell, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

control section 15.14—determination of 2019-20 greenhouse gas reduction fund expenditures

Pursuant to Control Section 15.14 of the Budget Act of 2019, this notification is respectfully submitted.

Subdivision (b) states that no department shall encumber or commit more than 75 percent of any Greenhouse Gas Reduction Fund appropriation prior to the fourth Cap and Trade auction in the fiscal year 2019-20, and that the Department of Finance shall make a final determination for the expenditure of the remaining auction proceeds.

The May 2020 Cap and Trade auction generated approximately $24.5 million, which resulted in $280 million less auction proceeds than projected for 2019-20.

After accounting for statutory transfers and continuous appropriations, there is a need to reduce the spending levels for certain programs by $105 million, which has been distributed proportionally, approximately 14 percent, across programs/appropriations subject to Control Section 15.14 (b). The chart on the following page reflects Finance’s determination of necessary expenditure reductions for the programs subject to Control Section 15.14 (b).
<table>
<thead>
<tr>
<th>Department</th>
<th>Program</th>
<th>Item of Appropriation</th>
<th>Budgeted</th>
<th>Reduced</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Environmental Protection Agency</td>
<td>Transition to a Carbon-Neutral Economy</td>
<td>0555-001-3228</td>
<td>$3,000,000</td>
<td>$436,032</td>
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<td>Air Resources Board</td>
<td>Prescribed Fire (SB 1260)</td>
<td>0650-001-3228</td>
<td>$2,000,000</td>
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<td>Strategic Growth Council</td>
<td>Transformative Climate Communities</td>
<td>0650-101-3228</td>
<td>$60,000,000</td>
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<td>California Office of Emergency Services</td>
<td>State Operations</td>
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<td>Department of Fish &amp; Wildlife</td>
<td>State Operations</td>
<td>3600-001-3228</td>
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<td>Air Resources Board</td>
<td>Low-carbon Transportation</td>
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<td>CalRecycle</td>
<td>State Operations</td>
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<td>CalRecycle</td>
<td>Waste Diversion</td>
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<td>Office of Environmental Health Hazard Assessment</td>
<td>State Operations</td>
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<td>Workforce Development Board</td>
<td>Workforce Training</td>
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<td>7121-101-3228</td>
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<tr>
<td>Office of Planning and Research</td>
<td>State Operations</td>
<td>0650-001-3228</td>
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<td>California Department of Food &amp; Agriculture</td>
<td>Methane Reduction</td>
<td>8570-101-3228</td>
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<td>$4,941,701</td>
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<td><strong>TOTAL:</strong></td>
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<td></td>
<td><strong>$104,835,998</strong></td>
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</tbody>
</table>

If you have any questions or need additional information regarding this matter, please call Gina Adams, Principal Program Budget Analyst, at (916) 324-0043.

KEELY MARTIN BOSLER  
Director  
By:

RICHARD GILLIHAN  
Chief Operating Officer  

cc: On following page
cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Gabriel Petek, Legislative Analyst (3)
Joe Stephenshaw, Staff Director, Senate Budget and Fiscal Review Committee
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Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
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