



May 14, 2025

Honorable Scott D. Wiener, Chair  
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Control Section 12.00**

It is requested that Control Section 12.00 be amended to revise the State Appropriations Limit (SAL). Pursuant to Article XIII B of the California Constitution, the fiscal year 2025-26 SAL is estimated to be \$166,892,000,000 at May Revision. The revised limit is the result of applying the growth factor of 6.76 percent. The revised 2025-26 limit is \$885 million above the \$166,007,000,000 estimated in January. Control Section 12.00 is proposed to be amended as follows:

"SEC. 12.00. For the purposes of Article XIII B of the California Constitution, there is hereby established a state "appropriations limit" of ~~\$166,007,000,000~~ \$166,892,000,000 for the 2025–26 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the "appropriations limit" for the 2025–26 fiscal year shall be commenced within 45 days of the effective date of this act."

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Susan Wekanda, Principal Program Budget Analyst, at (916) 445-5332.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Heath Flora, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review  
Subcommittee No. 4  
Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office

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Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Amendment to Budget Bill Control Section 12.32**

It is requested that Control Section 12.32 be amended as follows to reflect updated calculations at May Revision:

“SEC. 12.32. (a) It is the intent of the Legislature that appropriations that are subject to Section 8 of Article XVI of the California Constitution be designated with the wording “Proposition 98.” In the event these appropriations are not so designated, they may be designated as such by the Department of Finance, where that designation is consistent with legislative intent, not less than 30 days after notification in writing of the proposed designation to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or not less than a shorter period after notification that the chairperson of the joint committee, or the chairperson's designee, determines.

(b) Pursuant to the Proposition 98 funding requirements established in Chapter 2 (commencing with Section 41200) of Part 24 of Division 3 of Title 2 of the Education Code, the total appropriations for Proposition 98 for the 2025–26 fiscal year are ~~\$80,747,279,000~~<sup>\$84,602,529,000</sup>, or ~~39.5839~~<sup>40</sup> percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. General Fund and Education Protection Account revenues appropriated for school districts are ~~\$72,174,221,000~~<sup>\$75,083,222,000</sup>, or ~~35.3715~~<sup>45</sup> percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. General Fund and Education Protection Account revenues appropriated to school districts and community college districts for adult education and K–12 Career Technical Education Strong Workforce Program are ~~\$847,142,000~~<sup>\$847,991,000</sup>, or ~~0.4239~~<sup>49</sup> percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. General Fund and Education Protection Account revenues appropriated for community college districts are ~~\$7,633,934,000~~<sup>\$8,202,927,000</sup>, or ~~3.7484~~<sup>44</sup> percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit.

General Fund and Education Protection Account revenues appropriated for other state agencies that provide direct elementary and secondary level education, as defined in Section 41302.5 of the Education Code, are ~~\$91,982,000~~~~\$91,990,000~~, or 0.054 percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit. No General Fund and Education Protection Account revenues are scheduled to be transferred to the Public School System Stabilization Account for the 2025-26 fiscal year. ~~are \$376,399,000, or 0.18 percent of total General Fund revenues, Education Protection Account revenues, and transfers subject to the state appropriations limit.~~

(c) Notwithstanding any preexisting budgetary or accounting requirements to the contrary, the Department of Finance shall make the final determination of the proper budgeting and accounting of the revenues received by, and disbursements from, the Education Protection Account."

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Brittany Thompson, Principal Program Budget Analyst, at (916) 445-0328.

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

Attachment

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Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Heath Flora, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable John Laird, Chair, Senate Budget and Fiscal Review Subcommittee No. 1  
Honorable David Alvarez, Chair, Assembly Budget Subcommittee No. 3  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office



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Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Addition of Control Section 28.30, Federal Funds Rescission**

It is requested that Control Section 28.30 be added to provide necessary flexibility related to unexpected reductions in the state's receipt of federal funds resulting from the enactment of federal legislation or an action taken by a federal cognizant agency (see Attachment 1). Specifically, Control Section 28.30 would permit the Director of Finance, subject to notification of the Joint Legislative Budget Committee, to reduce authority for any affected programs and administratively approve budgetary adjustments.

Additionally, the proposed language would allow the Director of Finance to authorize short-term cash flow loans from the General Fund to state entities experiencing delays in the receipt of their federal funds. A department would be required to repay a loan by June 30, 2026.

To date, the federal government has terminated over \$400 million granted to California to support priority areas such as disaster relief and public health. Additionally, the federal government has paused outlays related to previously enacted Congressional acts, such as the Infrastructure Investment and Jobs Act of 2021. These actions have left some state entities with less federal funds than expected to support statewide programs and have resulted in General Fund budgetary pressure.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Sara Swan, Principal Program Budget Analyst, at (916) 445-5332.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

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Attention: Mark McKenzie, Staff Director  
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Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review  
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Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5  
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SEC. 28.30. (a) It is the intent of the Legislature in enacting this section to provide flexibility for administrative approval of budgetary adjustments to appropriations to address unanticipated reductions in the receipt of federal funds. Upon the enactment of federal legislation or an action by a federal cognizant agency to either terminate, rescind, or otherwise reduce the state's receipt of federal funds in any way, the Director of Finance is authorized to perform the following actions:

- (1) The Director of Finance may reduce through Executive Order or budget revision any item of appropriation for any program, project, or function to align with any reduction in the state's receipt of federal funds.
  - (2) The Director of Finance may administratively establish or adjust items of appropriation, transfer authority, or establish reimbursement authority, programs, projects, and functions to implement this subdivision.
- (b) Notwithstanding any other provision of law, any provision of law authorizing a program, project, or function reduced by the Director of Finance, pursuant to Subdivision (a), shall be deemed temporarily inoperative in the 2025-26 fiscal year.
- (c) Notwithstanding any other provision of law, the Director of Finance may authorize a short-term loan from the General Fund and special funds to state departments or agencies experiencing delays in their receipt of federal funds in an amount to be determined by the Director of Finance and based on terms and conditions for repayment as prescribed by the Director of Finance. Any moneys loaned from the General Fund and special funds to the affected department under this subdivision shall be subject to the following conditions:
- (1) The loan is intended only to meet cash needs resulting from a delay in the receipt of federal funds.
  - (2) The loan is short-term and shall be repaid by June 30 of the current fiscal year pursuant to terms and conditions and other determinations set forward by the Department of Finance.
  - (3) For short-term loans from the General Fund, interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
  - (4) The Director of Finance may administratively establish or adjust items of appropriation to implement this subdivision.
- (d) Any adjustments authorized pursuant to Subdivisions (a) and (b) shall not be made prior to 30 days after the Director of Finance notifies the Chairperson of the Joint Legislative Budget Committee in writing of the planned adjustment and the justification for the amount of the planned adjustment. The chairperson of the joint committee, or the chairperson's designee, may shorten or waive the 30-day period by written notification to the Director of Finance.
- (e) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee in writing within 10 days of any loan authorized pursuant to Subdivision (c) and the justification for the loan.

May 14, 2025

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Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

#### **Amendment to Budget Bill Control Section 35.50**

It is requested that Control Section 35.50 be amended as follows to reflect updated calculations at May Revision:

“SEC. 35.50. (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (g) of Section 12, of Article IV of the California Constitution, “General Fund revenues” means the total resources available to the General Fund for a fiscal year before any transfer to or withdrawal from the Budget Stabilization Account.

(b) For purposes of subdivision (g) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2025–26 fiscal year pursuant to this act, as passed by the Legislature, is ~~\$244,294,000,000~~ \$241,779,000,000.

(c) For purposes of paragraph (2) of subdivision (a) of Section 20 of Article XVI of the California Constitution, “General Fund revenues” shall be defined as revenues and transfers before any transfer to or withdrawal from the Budget Stabilization Account.

(d) Pursuant to subdivision (h) of Section 20 of Article XVI of the California Constitution, the following estimates are provided:

(1) For purposes of paragraph (2) of subdivision (a) of Section 20 of Article XVI of the California Constitution, the sum equal to 1.5 percent of General Fund revenues for the 2025–26 fiscal year is ~~\$3,226,000,000~~ \$3,096,000,000.

(2) For purposes of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (b) of Section 20 of Article XVI of the California Constitution, capital gains revenues that exceed 8 percent of General Fund proceeds of taxes for the 2025–26 fiscal year is ~~\$2,645,000,000~~ \$0.

(3) For purposes of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution, the amount for debt payments in the 2025–26 fiscal year is ~~\$2,427,000,000~~ \$1,548,000,000.

(4) For purposes of subparagraph (F) of paragraph (1) of subdivision (b) of Section 20 of Article XVI of the California Constitution, the amount of transfer to the Budget Stabilization Account in the 2025–26 fiscal year is ~~\$2,427,000,000~~ \$1,548,000,000.



(5) Notwithstanding paragraph (4) of subdivision (d) of this section, pursuant to paragraph (1) of subdivision (a) of Section 22 of Article XVI of the California Constitution, the transfer to the Budget Stabilization Account for the 2025–26 fiscal year in the amount ~~\$2,427,000,000~~ \$1,548,000,000 is suspended.

(6) For purposes of clause (ii) of subparagraph (B) of paragraph (2) of subdivision (b) of Section 20 of Article XVI of the California Constitution, the updated estimate of capital gains revenues that exceeds 8 percent of General Fund proceeds of taxes for the 2024–25 fiscal year is ~~\$1,226,000,000~~ \$564,000,000.

(7) For purposes of subparagraph (G) of paragraph (2) of subdivision (b) of Section 20 of Article XVI of the California Constitution, the first true up of the transfer to the Budget Stabilization Account for the 2024–25 fiscal year is ~~\$69,000,000~~ \$24,000,000.

(8) For purposes of clause (ii) of subparagraph (B) of paragraph (2) of subdivision (b) of Section 20 of Article XVI of the California Constitution, the updated capital gains revenues that exceed 8 percent of General Fund proceeds of taxes for the 2023–24 fiscal year is \$0.

(9) For purposes of subparagraph (G) of paragraph (2) of subdivision (b) of Section 20 of Article XVI of the California Constitution, the second true up of the transfer to the Budget Stabilization Account for the 2023–24 fiscal year is ~~a reduction of \$343,000,000~~ \$635,000,000.

(10) Pursuant to subparagraph (A) of paragraph (2) of subdivision (a) of Section 22 of Article XVI of the California Constitution, \$7,100,000,000 is hereby transferred from the Budget Stabilization Account to the General Fund for the 2025–26 fiscal year effective July 1, 2025."

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Susan Wekanda, Principal Program Budget Analyst, at (916) 445-5332.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anna M. Caballero, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Attention: Kirk Feely, Fiscal Director  
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Heath Flora, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review  
Subcommittee No. 4  
Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5  
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Attention: Elisa Wynne, Staff Director

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

**Addition of Budget Bill Control Section 90.00**

It is requested that Control Section 90.00 be added to authorize the Director of Finance to augment any state department or agency appropriation for costs necessary during fiscal year 2025-26 to continue recovery efforts related to damage caused by the Eaton Fire and Palisades Fire in January of 2025. These augmentations shall be within the cumulative total of the \$2.5 billion authorized in Control Sections 90.00 and 90.01 of the 2024 Budget Act and shall be made on or before June 30, 2026 (see Attachment 1).

The effect of my requested action is reflected on the attachment.

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

JOE STEPHENSHAW  
Director  
By:

/s/ Erika Li

ERIKA LI  
Chief Deputy Director

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Honorable Buffy Wicks, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable Heath Flora, Vice Chair, Assembly Budget Committee  
Attention: Joseph Shinstock, Fiscal Director  
Honorable Laura Richardson, Chair, Senate Budget and Fiscal Review Subcommittee No. 5  
Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6  
Gabriel Petek, Legislative Analyst  
Christopher W. Woods, Senate President pro Tempore's Office  
Jason Sisney, Assembly Speaker's Office  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Nancy Ward, Director, Office of Emergency Services  
Christina Curry, Chief Deputy Director, Office of Emergency Services  
Lisa Mangat, Chief Deputy Director, Office of Emergency Services

SEC. 90.00. (a) The Director of Finance may augment the amount of any state department or agency appropriation from any available source of funding, including, but not limited to, the General Fund for costs necessary during 2025-26 to continue recovery efforts related to damage caused by the Eaton Fire and Palisades Fire in January 2025. Augmentations authorized pursuant to this section shall be within the cumulative total of \$2,500,000,000 authorized in Sections 90.00 and 90.01 of the Budget Act of 2024.

(b) Augmentations authorized pursuant to this section shall not be made sooner than three days following the transmittal of a notification of approval to the chairperson of the Joint Legislative Budget Committee or an earlier date as determined by the chairperson of the joint committee, or the chairperson's designee.

(c) This section does not change, alter, limit, or constrain the emergency powers of the Governor and the executive branch in state law, including, but not limited to, the Governor's fiscal authority related to emergencies.

(d) Funds authorized by augmentations pursuant to this section shall be available for encumbrance or expenditure consistent with the existing encumbrance deadlines for the items of appropriation that are augmented or an alternate date as determined by the Director of Finance. The Department of Finance may create new items as necessary to facilitate the expenditure of funds augmented pursuant to this section.

(e) Augmentations authorized pursuant to this section shall be made on or before June 30, 2026.