



May 14, 2026

Honorable John Laird, 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 and Addition of Various Budget Bill Items, Support, Department of Consumer Affairs**

**California State Board of Pharmacy – Business Modernization**—It is requested that Item 1111-001-0767 be increased by \$1,732,000 and 1.1 positions one-time in fiscal year 2026-27 and 4 positions in 2027-28 and ongoing to support the Board's business modernization activities and update outdated information technology systems that have increased turnaround times for licensing transactions. These resources support initial project implementation activities projected to begin in April 2027, with the intent to develop a system allowing for a more substantial online presence where applicants can pay fees with a credit card, submit application documents online, and allow for self-management of licensing information. It is also requested that provisional language be added to Item 1111-001-0767 to authorize funding for project implementation contingent upon approval by the California Department of Technology of Stage 4 of the Project Approval Lifecycle process (see Attachment 1).

**Bureau for Private Postsecondary Education – General Fund Backfill for Legal Costs**—It is requested that provisional language be added to Item 1111-002-0305 to allow for an augmentation to address potential additional legal costs related to *Bronshiteyn v. Department of Consumer Affairs*. It is also requested that provisional language be added to Item 1111-002-0305 specifying that the 2025-26 loan provided by the High Polluter Repair or Removal Account (HPRRA) Fund to the Private Postsecondary Education Administration (PPEA) Fund accrues no interest during the loan period (see Attachment 2). The PPEA Fund is projected to become insolvent in 2027-28 and requiring an interest payment on the 2025-26 loan will exacerbate the existing structural deficit.

Additionally, it is requested that Item 1111-011-0001 be added in the amount of \$10 million one-time to backfill the PPEA Fund to allow the Bureau to repay the loan it received in 2025-26 from the HPRRA Fund (see Attachment 3). In July and December 2025, the Bureau paid legal costs of approximately \$10 million from a litigation judgment (*Bronshiteyn v. Department of Consumer Affairs*). To have sufficient cash to cover these legal expenses, the Bureau obtained a loan from the HPRRA Fund given the PPEA Fund would become insolvent in 2025-26. The requested funding and provisional language will allow the Bureau to repay the loan and to assess educational institution fees without the inclusion of the \$10 million legal judgment.

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 Charlene Manning, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Sabrina Cervantes, Chair, Senate Appropriations Committee  
Attention: Mark McKenzie, Staff Director  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review  
Committee  
Attention: Elisa Wynne, Staff Director  
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee  
Attention: Jay Dickenson, Chief Consultant  
Honorable David Tangipa, Vice Chair, Assembly Budget Committee  
Attention: Christian Griffith, Chief Consultant  
Honorable Melissa Hurtado, Chair, Senate Budget and Fiscal Review  
Subcommittee No. 4  
Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5  
Gabriel Petek, Legislative Analyst  
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office  
Christopher W. Woods, Budget Director, Senate President pro Tempore's Office  
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy  
and Budget  
Jason Sisney, Budget Director, Assembly Speaker's Office  
Paul Dress, Chief of Staff, Assembly Republican Caucus  
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office  
Christing Lally, Director, Department of Consumer Affairs  
Nicole Le, Deputy Director, Administrative Services, Department of Consumer  
Affairs  
Jennifer Simoes, Deputy Director, Legislative Affairs, Department of Consumer  
Affairs  
Taylor Schick, Chief Fiscal Officer, Department of Consumer Affairs  
Robert de los Reyes, Assistant Chief Fiscal Officer, Department of Consumer Affairs  
Tomiquia Moss, Secretary, Business, Consumer Services, and Housing Agency  
Melinda Grant, Undersecretary, Business, Consumer Services, and Housing Agency  
Amy Manasero, Deputy Secretary of Fiscal Policy and Administration, Business,  
Consumer Services, and Housing Agency  
Nicole Hisatomi, Deputy Secretary of Legislation, Business, Consumer Services, and  
Housing Agency

Add Provision 2 to Item 1111-001-0767 as follows:

2. Up to \$1,732,000 of the amount in this item for the business modernization implementation costs is contingent upon approval by the California Department of Technology of Stage 4 of the Project Approval Lifecycle process.

Add Provisions 2 and 3 to Item 1111-002-0305 as follows:

2. Notwithstanding any other law, the Department of Finance may augment this item, not sooner than 10 days after notification of the necessity in writing to the chairpersons of the budget committees of both houses of the Legislature and the Joint Legislative Budget Committee, in response to increased legal costs and expenses.

3. Notwithstanding any other law, any loan taken pursuant to Provision 3 of Item 1111-002-0305, Budget Act of 2025 (Ch. 5, Stats. 2025), shall not accrue interest during the loan period.

1111-011-0001—For transfer by the Controller to the Private Postsecondary Education Administration Fund.....10,000,000

Provisions:

1. Upon order of the Department of Finance, the Controller shall transfer up to \$10,000,000 to backfill the Private Postsecondary Education Administration Fund.
2. The transfer amount shall be used to repay a 2025-26 loan of the same amount to the Private Postsecondary Education Administration Fund from the High Polluter Repair or Removal Account Fund, that was made available pursuant to Provision 3 of Item 1111-002-0305 and used to pay for legal costs and expenses.



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**Amendment to Budget Bill Item 1115-001-3288, Support, Department of Cannabis Control**

**Short-term Cash Loan**—It is requested that provisional language be added to Item 1115-001-3288 to allow a short-term cash loan of up to \$52 million from the Cannabis Control Fund to the Cannabis Tax Fund – Department of Cannabis Control Fund, which is to be repaid before the end of the fiscal year (see Attachment 1). The first quarter of cannabis excise tax revenues are collected and allocated to the department annually in November. This temporary cashflow loan will support enforcement staff and operations costs, including track and trace contract costs, for the first five months of the fiscal year before the department receives its Cannabis Tax Fund allocation. Upon receiving the allocation, the cash loan from the Cannabis Control Fund will be repaid, allowing its operations to continue without interruption.

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 Charlene Manning, Principal Program Budget Analyst, at (916) 445-8913

JOE STEPHENSHAW  
Director  
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/s/ Erika Li

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No. 4  
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Amy Manasero, Deputy Secretary of Fiscal Policy and Administration, Business,  
Consumer Services, and Housing Agency  
Nicole Hisatomi, Deputy Secretary of Legislation, Business, Consumer Services, and  
Housing Agency  
Clint Kellum, Director, Department of Cannabis Control  
Sean O'Connor, Chief Deputy Director, Department of Cannabis Control  
Melissa Eidson, Deputy Director of Administration, Department of Cannabis Control  
Tanya Silva, Branch Chief, Financial Management, Department of Cannabis  
Control

Add Provision 6 to Item 1115-001-3288 as follows:

6. The Department of Finance may authorize a short-term cash loan of up to \$52,000,000 from the Cannabis Control Fund to the Cannabis Tax Fund – Department of Cannabis Control to provide cashflow needed to support operational costs that will be covered by tax revenue received beginning in November of the fiscal year. The cash loan shall be repaid before the end of the fiscal year. Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code. For purposes of the budgetary and legal bases of accounting and budgeting, the principal amount of any loans made pursuant to this provision shall not be considered part of the balance of the fund that receives the loan, nor shall it be deducted from the balance of the fund from which the loan is made. These loans are considered cashflow loans for temporary cash shortages and shall not constitute budgetary loans, revenues, or expenditures. The Department of Finance shall make the final determination of the budgetary and accounting transactions and treatments to ensure proper implementation of this provision pursuant to Section 13344 of the Government Code.



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**Amendment to Budget Bill Item 1701-001-3363, Support, Department of Financial Protection and Innovation**

**Franchise Brokers Registration System Enhancements**—It is requested that Item 1701-001-3363 be increased by \$125,000 one-time to allow the Department of Financial Protection and Innovation (DFPI) to update its existing Franchise Registration and Securities Electronic Submissions System. Pursuant to Chapter 518, Statutes of 2024 (SB 919), third-party franchise brokers are required to register with DFPI prior to affecting the sale of a franchise. These resources will support the system modifications needed for DFPI to collect applications for registration and point of contact information, registration documents for franchisees, and fee payments, beginning July 1, 2027.

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 Charlene Manning, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW  
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/s/ Erika Li

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Jason Sisney, Budget Director, Assembly Speaker's Office  
Paul Dress, Chief of Staff, Assembly Republican Caucus  
Dylan Gray, Chief of Staff, Assembly Republican Leader's Office  
KC Mohseni, Commissioner, Department of Financial Protection and Innovation  
Suzanne Martindale, Chief Deputy Commissioner, Department of Financial  
Protection and Innovation  
Sophia Smith, Deputy Commissioner, Administration, Department of Financial  
Protection and Innovation  
Myriam Valdez-Singh, Deputy Commissioner, Legislation, Department of Financial  
Protection and Innovation  
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