



May 14, 2024

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 Sections 4.05 and 4.90

Due to lower revenue projections and a resulting increase in the budget problem, the May Revision proposes adjustments to prior investments to assist in closing the projected shortfall. These adjustments include the following:

Control Section 4.05—It is requested that Control Section 4.05 be amended to allow the Department of Finance to reduce various items of appropriation. Current language in Control Section 4.05 of the 2024 Governor's Budget allows Finance to adjust items of appropriation to reflect net savings achieved through cost-reduction measures. This proposal will allow Finance to adjust additional items of appropriation. Control Section 4.05 is proposed to be amended as follows:

"SEC. 4.05. Notwithstanding any other law, each item of appropriation provided in this act or other spending authority provided outside of this act, with the exception of those for ~~the California State University, the University of California, University of California College of the Law, San Francisco,~~ the Legislature, and ~~the Judicial Branch,~~ shall be adjusted, as appropriate, to reflect the net savings achieved through operational efficiencies and other cost-reduction measures including, but not limited to, reorganizations, eliminations of boards and commissions, rate changes, contract reductions, elimination of excess positions, and the cancellation or postponement of information technology projects. The Director of Finance shall allocate the necessary adjustment to each item of appropriation or other spending authority to reflect savings achieved. The Director of Finance may authorize an augmentation to any item of appropriation provided in this act or outside this act to reflect the costs related to reorganizations, consolidations, or eliminations of agencies, departments, boards, commissions, or programs. The Department of Finance shall make the final determination of the budgetary and accounting transactions to ensure proper implementation of reorganizations and eliminations."

Control Section 4.90—It is requested that Control Section 4.90 be amended to allow Finance to adjust various items of appropriation. The May Revision proposes to revert \$13 million General Fund, and \$9 million Other Funds, from the Architecture Revolving Fund (ARF) back to the original fund source. Current language in Control Section 4.90 of the 2024 Governor's Budget allows Finance to transfer funds from the ARF to the General Fund. This proposal extends Finance's authority to transfer funds from the ARF back to the original fund source. Specifically, Control Section 4.90 is proposed to be amended as follows:

"SEC. 4.90. Notwithstanding any other law, the Department of Finance may transfer any funds previously transferred ~~from the General Fund~~ to the Architecture Revolving Fund back to the ~~General Fund~~ original fund source."

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Steven Padilla, 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, Senate President pro Tempore's Office
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy
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Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Control Section 11.93, Disaster Response-Emergency Operations Account Reconciliation Adjustments

It is requested that Control Section 11.93 be amended to include references to several additional budget items and Executive Orders related to unspent balances from transfers out of the Disaster Response-Emergency Operations Account that are no longer necessary for their intended purpose and will be reverted to the General Fund (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

Attachment

cc: On following page

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Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review
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Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Aisha Wahab, Chair, Senate Budget and Fiscal Review Subcommittee
No. 5
Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6
Gabriel Petek, Legislative Analyst
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
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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

Amend Control Section 11.93 as follows:

“SEC. 11.93. The remaining balances, both encumbered and unencumbered, except as specified below, of the amounts transferred to the appropriations in the following citations by the specified Executive Orders pursuant to Section 8690.6 of the Government Code shall revert to the General Fund as of June 30, 2024:

(0.1) Item 0690-001-0001, Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017), as transferred by Executive Order E 17/18-77

(0.2) Item 0690-001-0001, Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017), as transferred by Executive Order E 17/18-85

(0.3) Item 0690-001-0001, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018), as transferred by Executive Order E 18/19-18

(0.4) Item 0690-001-0001, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018), as transferred by Executive Order E 18/19-94

(0.5) Item 0690-001-0001, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018), as transferred by Executive Order E 18/19-95

(1) Item 0650-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-216 (Revised)

(2) Item 0690-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-216 (Revised)

(3) Item 0690-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 20/21-176 (For Fiscal Year 2019-20)

(4) Item 3540-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-216 (Revised)

(5) Item 5225-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-216 (Revised)

(6) Item 7502-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-216 (Revised)

(7) Item 7760-001-0666, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-219

(8) Item 8940-001-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as transferred by Executive Order E 19/20-216 (Revised)

(9) Item 0690-001-0001, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-193

(10) Technical Item 3960-504-0001 for fiscal year 2020-21, as transferred by Executive Order E 20/21-193

- (11) Technical Item 3960-505-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (12) Technical Item 3960-508-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (13) Technical Item 3960-509-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (14) Technical Item 3960-515-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (15) Technical Item 3960-516-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (16) Technical Item 3960-518-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (17) Technical Item 3960-519-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-193
- (18) \$906,000,000 of the amount in Technical Item 3970-508-0001, for fiscal year 2020-21, as transferred by Executive Order E 20/21-147 (Revised)
- (19) Item 4265-001-0001, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-274
- (20) Item 4265-001-0001, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-289
- (21) Item 4265-001-0001, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-335
- (22) Item 7760-001-0666, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-17 (For Fiscal Year 2019-20)
- (23) Item 7760-001-0666, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-110
- (24) Item 7760-001-0666, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), as transferred by Executive Order E 20/21-264
- (25) Technical Item 3960-502-0001, for fiscal year 2021-22, as transferred by Executive Order E 21/22-48
- (26) Technical Item 3960-502-0001, for fiscal year 2021-22, as transferred by Executive Order E 21/22-85
- (27) Technical Item 3960-502-0001, for fiscal year 2021-22, as transferred by Executive Order E 21/22-116
- (28) Technical Item 3970-501-0001, for fiscal year 2021-22, as transferred by Executive Order E 21/22-90 (Revised)

- (29) Technical Item 3970-501-0001, for fiscal year 2021-22, as transferred by Executive Order E 21/22-178
- (30) Technical Item 3970-501-0001, for fiscal year 2021-22, as transferred by Executive Order E 21/22-307"



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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 2024-25 SAL is estimated to be \$147,626,000,000 at May Revision. The revised limit is the result of applying the growth factor of 4.03 percent. The revised 2024-25 limit is \$428 million below the \$148,054,000,000 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 ~~\$148,054,000,000~~ \$147,626,000,000 for the 2024–25 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the “appropriations limit” for the 2024–25 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: Elisa Wynne, Staff Director
Honorable Buffy Wicks, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
Honorable Steven Padilla, Chair, Senate Budget and Fiscal Review Subcommittee
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Honorable Jesse Gabriel, Chair
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 2024–25 fiscal year are ~~\$76,605,857,000~~~~\$76,894,327,000~~, or ~~39.28~~~~39.45~~ 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 ~~\$67,528,167,000~~~~\$67,347,498,000~~, or ~~34.63~~~~34.55~~ 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 ~~\$832,020,000~~~~\$830,016,000~~, or 0.43 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 ~~\$7,513,054,000~~~~\$7,372,568,000~~, or ~~3.85~~~~3.78~~ 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 ~~\$732,616,000~~~~\$592,967,000~~, or ~~0.38~~~~0.30~~ 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 2024-25 fiscal year. ~~are \$751,278,000, or 0.39 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."

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

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Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Christian Griffith, Chief Consultant
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
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Attention: Christian Griffith, Chief Consultant

Amendment to Control Section 13.40

Control Section 13.40: Budgetary Loan Borrowing from Special Funds—It is requested that Control Section 13.40 be amended to reflect a decrease in the allowable amount of special funds that may be transferred to the General Fund from \$738,900,000 to \$465,900,000 during the fiscal year 2024-25. For the loans included in that amount, some have changed in value since the Governor’s Budget proposal or will utilize a different budget bill authority.

The specific amendment is proposed in the following language:

“SEC. 13.40. The Director of Finance may collectively transfer ~~\$738,900,000~~ \$465,900,000 from various special funds to the General Fund as budgetary loans during the 2024–25 fiscal year. The specific special funds to borrow from will only be from idle resources not required for currently projected operational or programmatic purposes. The loans will be repaid in a future year when the fund or account from which the loan was made has a need for the moneys or there is no longer a need for the moneys in the General Fund.”

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

JOE STEPHENSHAW
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

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Eliminate Control Section 19.59

Control Section 19.59: Legislative Investment Reduction—It is requested that Control Section 19.59 be eliminated as the General Fund specific amounts provided in Sections 19.56 through Sections 19.569 of the 2023 Budget Act will not be reverted as described in the section.

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

JOE STEPHENSHAW
Director
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/s/ Erika Li

ERIKA LI
Chief Deputy Director

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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 2024–25 fiscal year pursuant to this act, as passed by the Legislature, is ~~\$210,702,000,000~~ \$211,849,000,000.

(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 2024–25 fiscal year is ~~\$2,964,000,000~~ \$2,989,000,000.

(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 gain revenues that exceed 8 percent of General Fund proceeds of taxes for the 2024–25 fiscal year is ~~\$1,978,000,000~~ \$392,000,000.

(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 2024–25 fiscal year is \$1,616,000,000.

~~(3)~~(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 2024–25 fiscal year is ~~\$2,096,000,000~~ \$1,616,000,000.

~~(4)~~(5) Notwithstanding paragraph (3) 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 2024–25 fiscal year in the amount of ~~\$2,096,000,000~~ \$1,616,000,000 is suspended.

~~(5)~~(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 gain revenues that exceeds 8 percent of General Fund proceeds of taxes for the 2023–24 fiscal year is ~~\$756,000,000~~ \$0.

~~(6)~~(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 2023–24 fiscal year is ~~\$1,424,000,000~~ \$847,000,000.

~~(7)~~(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 gain revenues that exceed 8 percent of General Fund proceeds of taxes for the 2022–23 fiscal year is ~~\$889,000,000~~ \$714,000,000.

~~(8)~~(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 2022–23 fiscal year is a reduction of \$544,000,000.

~~(9)~~(10) Pursuant to subparagraph (A) of paragraph (2) of subdivision (a) of Section 22 of Article XVI of the California Constitution, ~~\$12,026,000,000~~ \$3,126,000,000 is hereby transferred from the Budget Stabilization Account to the General Fund for the 2024–25 fiscal year effective July 1, 2024.

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

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