



Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Control Section 3.60

It is requested that Control Section 3.60 be amended to capture changes in state retirement contribution rates for state members of the California Public Employees' Retirement System (CalPERS) and the Judges' Retirement System II (JRS II), adopted by the CalPERS Board on April 19, 2022 (see Attachment 1). The decrease in state employer contribution is primarily a result of decreases in retirement rates.

The newly adopted state employer contribution rates result in reduced state contributions of \$215,593,000 ongoing from the \$1,669,115,000 included in the Governor's Budget. The \$215,593,000 ongoing decrease consists of a decrease of \$180,094,000 General Fund, \$15,636,000 special funds, and \$19,863,000 other nongovernmental cost funds.

The decrease in the state employer contribution rate for JRS II members is attributed to a decrease in the employer normal cost as a percentage of payroll.

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 Evelyn Suess, Principal Program Budget Analyst, at (916) 445-3274.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Sydney K. Kamlager, Chair, Senate Budget and Fiscal Review Subcommittee
No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
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
Justyn Howard, Acting Undersecretary, Government Operations Agency
Michael Cohen, Chief Financial Officer, California Public Employees' Retirement System
Jennifer Harris, Chief, Financial Policy, Planning, and Budgeting Division, California Public
Employees' Retirement System
Stacy Guzman, Budget Manager, California Public Employees' Retirement System

“SEC. 3.60. (a) Notwithstanding any other law, the employers' retirement contributions for the 2022–23 fiscal year that are chargeable to any item with respect to each state officer and employee who is a member of the Public Employees' Retirement System (PERS) or the Judges' Retirement System II and who is in that employment or office shall be the percentage of salaries and wages by state member category, as follows:

Miscellaneous, First Tier	32.50% <u>32.00%</u>
California State University, Miscellaneous, First Tier	32.50% <u>32.00%</u>
Miscellaneous, Second Tier	32.50% <u>32.00%</u>
State Industrial	22.78% <u>21.00%</u>
State Safety	23.08% <u>22.75%</u>
Peace Officer/Firefighter	53.25% <u>50.00%</u>
California State University, Peace Officer/Firefighter	53.25% <u>50.00%</u>
Highway Patrol	65.92% <u>67.54%</u>
Judges' Retirement System II	24.24% <u>23.23%</u>

The Director of Finance may adjust amounts in any appropriation item, or in any category thereof, as a result of changes from amounts budgeted for employer contributions for 2022–23 fiscal year retirement benefits to achieve the percentages specified in this subdivision. Beginning in the 2013–14 fiscal year, adjustments to the California State University (CSU) rates are applied to the actual pensionable 2013–14 fiscal year payroll, which is \$2,307,876,000, as identified by the Controller. This process establishes pension funding adjustments through this section for CSU. This results in pension funding for CSU of \$679,829,000 General Fund for the 2021–22 fiscal year. These amounts also will be part of the total appropriation in Item 6610-001-0001.

(b) Notwithstanding any other law, the Director of Finance shall require retirement contributions computed pursuant to subdivision (a) to be offset by the Controller with surplus funds in the Public Employees' Retirement Fund, employer surplus asset accounts.

(c) Notwithstanding any other law, for purposes of calculating the “appropriations subject to limitation” as defined in Section 8 of Article XIII B of the California Constitution, the appropriations shall be deemed to be the amounts remaining after the adjustments required by subdivisions (a) and (b) are made.

(d) Of the percentage of salaries and wages by state member categories identified in subdivision (a), the following percentages are estimated to be the result of the increased employee contributions pursuant to Chapter 296 of the Statutes of 2012 (AB 340), known as the California Public Employees' Pension Reform Act of 2013, and will be directed toward the state's unfunded pension liability:

Miscellaneous, First Tier	0.10%
California State University, Miscellaneous, First Tier	0.10%

Miscellaneous, Second Tier	0.10%
State Industrial	0.88%
State Safety	1.18%
Peace Officer/Firefighter	1.65%
California State University, Peace Officer/Firefighter	1.65%
Highway Patrol	1.32%

The contributions to the unfunded liability, as a result of the percentages of salaries and wages in this subdivision, are estimated to be \$135,394,692 (\$93,248,207 General Fund) for the 2022–23 fiscal year.

(e) The Director of Finance may adjust the percentage levels of the employers' retirement contributions listed in subdivisions (a) and (d) as a result of rates provided by the Board of Administration of the Public Employees' Retirement System. The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to this subdivision. Within 30 days of making an adjustment pursuant to this subdivision, the Director of Finance shall report the adjustment in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

(f) (1) In addition to the employers' retirement contributions listed in subdivisions (a) and (d), the Department of Finance may direct the Controller to transfer up to the amount identified for appropriation pursuant to subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution equivalent to the amount described in paragraph (3) of subdivision (d) of Section 35.50 to supplement the state's retirement contributions for the 2022–23 fiscal year.

(2) The Director of Finance shall direct the Controller to transfer the amount specified in paragraph (1) to either of the following:

(A) The Public Employees' Retirement Fund.

(B) The Surplus Money Investment Fund and other funds in the Pooled Money Investment Account that accrue interest to the General Fund, for repayment of principal and interest of a cash loan that was made to supplement the state's retirement contributions.

(3) The supplemental payment described in this subdivision is for unfunded liabilities for state-level pension plans in excess of current base amounts for the 2022–23 fiscal year. Therefore, any amount transferred to a fund identified in paragraph (2) constitutes an obligation pursuant to subclause (IV) of clause (ii) of subparagraph (B) of paragraph (1) of subdivision (c) of Section 20 of Article XVI of the California Constitution.

(4) The Director of Finance shall provide the Controller a schedule of the timing and amounts to be used for purposes of this subdivision."



May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Control Section 8.75, Infrastructure, Federal Matching and Flexibility for Unanticipated Funds

It is requested that Control Section 8.75 be amended to include language for the state to incorporate unanticipated federal infrastructure funding into appropriations as a result of awards to California under the federal Infrastructure Investment and Jobs Act (IIJA) (see Attachment 1).

The Governor's Budget included Control Section 8.75 that allows Finance to adjust or create budget items to meet federal matching requirements under IIJA. The requested amendments permit Finance to: (1) use qualified funds for matching requirements, (2) offset appropriations with an equivalent amount of federal funds received under IIJA, similar to Control Section 28.10 in the 2021 Budget Act, and (3) create new items to implement IIJA awards, similar to Control Section 11.96 in the 2021 Budget 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 Dana Cruz, Principal Program Budget Analyst, at (916) 767-8364.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable John Laird, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Dr. Joaquin Arambula, Chair, Assembly Budget Subcommittee No. 1
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
Honorable Susan Talamantes Eggman, Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Honorable Sydney Kamlager, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Cristina Garcia, Chair, Assembly Budget Subcommittee No. 5
Honorable Phil Ting, 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

Control section 8.75 would be amended to read:

“SEC. 8.75. (a) In order to maximize the state's receipt of federal funds, it is the intent of the Legislature in enacting this section to provide flexibility and streamline the administrative approval process for providing ~~state~~ funds, including funds from the General Fund, to meet state matching requirements and take full advantage of funding opportunities made available under the Infrastructure Investment and Jobs Act (P.L. 117-58). It is also the intent of the Legislature in enacting this section to more generally provide flexibility for budgetary adjustments to appropriations for infrastructure and infrastructure-related purposes, to expend unanticipated federal funds received by the state that are available for such purposes, and offset the use of state funds, if applicable.

(b) In the event that unanticipated formula or competitive fund opportunities are made available for a state department under the Infrastructure Investment and Jobs Act, the Director of Finance may provide the department a letter of commitment, if one is needed, for state funds, including funds from the General Fund, if the department lacks an alternative viable funding source, to indicate the state's commitment to meet the state match requirements mandated for Infrastructure Investment and Jobs Act programs.

(c) In the event that unanticipated formula or competitive fund opportunities under the Infrastructure Investment and Jobs Act are awarded to a state department, the Department of Finance may adjust any item in Section 2.00 or create a new item to provide ~~state~~ funds, including funds from the General Fund, if the department lacks an alternative viable funding source, to meet state match requirements mandated for Infrastructure Investment and Jobs Act programs.

(d) The Department of Finance may allocate unanticipated federal funds to offset or reduce, in whole or in part in an amount equal to the federal funds to be allocated, any item of appropriation for infrastructure and infrastructure-related purposes, including appropriations from existing federal funding sources, if consistent with the purposes for which the unanticipated federal funds were made available. Any savings pursuant to this section shall revert to the fund upon which the appropriation was made.

(e) The Department of Finance may create a new budget item and to accommodate unanticipated federal funds intended for infrastructure purposes should a similar item of appropriation not exist in the state budget that may be adjusted according to subdivision (d).

(~~e~~-f) Any adjustment pursuant to this section 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 purposes of the planned adjustment, and justification for the adjustment amount. The Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may shorten or waive that 30-day period by written notification to the Director of Finance."



May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Control Section 11.91, 2021–22 COVID-19 Funding Authorization

It is requested that Control Section 11.91 be amended to reflect that COVID-19 direct response expenditures will be appropriated from the California Emergency Relief Fund rather than the General Fund. The amendments would also make other clarifying changes necessary to implement the Control Section (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 Sara Swan, Principal Program Budget Analyst, at (916) 322-2263.

KEELY MARTIN BOSLER
Director
By:

/s/ Erika Li

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Susan Talamantes Eggman, Ph.D., Chair, Senate Budget and Fiscal Review
Subcommittee No. 3
Honorable Sydney Kamlager, Chair, Senate Budget and Fiscal Review Subcommittee No.
4
Honorable Maria Elena Durazo, Chair, Senate Budget and Fiscal Review Subcommittee
No. 5
Honorable Dr. Joaquin Arambula, Chair, Assembly Budget Subcommittee No. 1
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Honorable Cristina Garcia, 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

Amend Control Section 11.91 as follows:

"SEC. 11.91. (a) Notwithstanding any other provision of this act or any other law, the Department of Finance may ~~augment or~~ decrease the amounts appropriated in the following items to reflect response and recovery funding needs related to the COVID-19 Pandemic: Items 4260-101-0001, 4260-101-0890, 4260-113-0001, 4260-113-0890, 4265-021-0001~~3398~~, ~~4440-011-0001~~, ~~4440-021-3398~~, and ~~5225-021-3398~~~~0001~~ 0650-021-3398, 0690-021-3398, and 7760-021-3398. Any funds decreased from the amounts appropriated in these items shall be returned to the General Fund and may be transferred from the General Fund to any other fund for costs related to the redirection of state staff for COVID-19 contact tracing activities and vaccination coordination. The Department of Finance may ~~also~~ transfer funding between these items, or to any other item, for response and recovery costs related to the COVID-19 Pandemic.

(b) The funds appropriated in the items described in subdivision (a) shall not be transferred or decreased, ~~or augmented~~ pursuant to subdivision (a) prior to 10 days after the Director of Finance notifies the Joint Legislative Budget Committee, in writing, of the purposes of the planned transfer or decrease, ~~or augmentation~~, and the justification for the amount of the proposed transfer or decrease, ~~or augmentation~~. The Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may shorten or waive that 10-day period by written notification to the Director of Finance."

May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant

Amendment to Budget Bill Control Section 11.96, Coronavirus State Fiscal Recovery Fund

It is requested that Control Section 11.96 be amended to reflect the availability of additional revenue replacement funds, and provide authority to transfer funds for programs currently funded by the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund (see Attachment 1).

The Governor's Budget included Control Section 11.96 to provide flexibility to make budgetary adjustments to programs funded by the Legislature from the Coronavirus Fiscal Recovery Fund of 2021. Specifically, Control Section 11.96 permits Finance to transfer up to \$11.2 billion from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund.

The requested amendments reflect an increased revenue loss estimate of up to \$15.7 billion using a revised methodology, as Finance refines the estimate to maximize the use of available revenue loss permitted by the U.S. Treasury after the release of the Governor's Budget.

In addition, the amendments would authorize the Director of Finance to shift programs funded from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund to maximize funding flexibility and streamline federal reporting activities. These shifts would not result in additional General Fund costs, since they would be offset with a like amount of savings resulting from up to \$4.4 billion in additional revenue replacement funding. These adjustments continue to require a 30-day notice to the Joint Legislative Budget Committee along with an allocation plan as specified.

Finally, the amendments would authorize the Director of Finance to revert any programmatic savings and allocate those funds to COVID-19 direct disaster response

costs, based on actual expenditures, and make other clarifying changes necessary to implement the section.

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) 322-2263.

KEELY MARTIN BOSLER

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Sydney Kamlager, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
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

SEC. 11.96. (a) It is the intent of the Legislature in enacting this section to provide flexibility for administrative adjustments, to fully spend the \$27,017,016,860 in federal funds allocated from the Coronavirus State Fiscal Recovery Fund as authorized by the federal American Rescue Plan Act of 2021 (P.L. 117-2), that support the state's response to the COVID-19 public health emergency, address the negative economic impacts caused by COVID-19, support eligible infrastructure, or are otherwise eligible expenditures pursuant to federal law or guidance. These funds shall be deposited in the Coronavirus Fiscal Recovery Fund of 2021 and may earn interest. Up to \$10,000,000 of the interest earned from these funds may be used to address unanticipated workload. Additional interest earned from these funds shall not be spent without an appropriation by the Legislature in another statute.

(b) Except as provided in this section, allocations of these funds shall be made in the annual Budget Act or another statute. Section 28.00 does not apply to the funds described in this section.

(c) Notwithstanding any other provision of this act or any other law, any appropriation from the Coronavirus Fiscal Recovery Fund of 2021 shall be available for expenditure or encumbrance through June 30, 2024, unless an earlier deadline is specified at the time of appropriation. These dates may be extended if the Director of Finance determines a later deadline is authorized by the federal government or that a department will complete the program, project, or function such that funds will be expended or encumbered by December 31, 2024.

(d) The Department of Finance may authorize the establishment of positions and transfer amounts within a program, project, or function, in or between a department's state operations, local assistance, and capital outlay items, to support the implementation of the same programmatic purpose appropriated by the Legislature from the Coronavirus Fiscal Recovery Fund of 2021, pursuant to this act. Any transfer or reallocation for other purposes shall require an appropriation by the Legislature in another statute.

(e) The Director of Finance may adjust any item of appropriation to reallocate funds not encumbered as of August 1, 2024, to ensure funds are expended or encumbered by the federal deadline for other allowable activities.

(f) Until all funds are expended or encumbered, the Director of Finance shall annually report in writing by March 1, and each year thereafter the amount of unexpended or unencumbered funds by program to the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.

(g) All obligations from the Coronavirus Fiscal Recovery Fund of 2021 shall be liquidated by the end of the period of performance of December 31, 2026, unless the Director of

Finance determines this deadline should be adjusted pursuant to any changes authorized by the federal government, including regulations or federal guidance.

(h) The funds described in subdivision (a) may be allocated to offset or reduce appropriations in the 2020–21, 2021–22, and 2022–23 fiscal years for eligible activities.

(i) The Director of Finance may authorize the augmentation of the funds described in subdivision (a) for expenditure to conduct an audit or address audit findings to mitigate and ensure full compliance and use of these funds for the intended purposes in subdivision (a) consistent with federal requirements for any program, project, or function in the schedule of any item of appropriation in this act. If no item for a department currently exists, then an item may be created for this purpose.

(j) The Director of Finance may transfer funds from the Coronavirus Fiscal Recovery Fund of 2021 to any other state fund to offset actual expenditures in the 2020–21, 2021–22, and 2022–23 fiscal years related to the state's direct response to the COVID-19 public health emergency.

(k) The Director of Finance is authorized to initiate the reversion of an appropriation for a specific programmatic purpose from the Coronavirus Fiscal Recovery Fund of 2021 if the Department of Finance determines that the original purpose would not be accomplished by further expenditure. Any funds made available pursuant to this subdivision shall be allocated to direct disaster response costs based upon actual expenditures, as determined by the Department of Finance, pursuant to this section.

(l) The Director of Finance may transfer up to ~~\$11,232,549~~15,700,000,000 from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund over fiscal years 2021–22 and 2022–23 combined based on the estimated amount of revenue loss calculated pursuant to federal statute and guidance from the United States Treasury. The notification requirement in subdivision (n) does not apply to this transfer. However, the Director of Finance must notify the Joint Legislative Budget Committee if the amount transferred pursuant to this paragraph is less than ~~\$11,232,549~~15,700,000,000 within 10 days after the transfer.

~~(l) The~~ (m) For direct disaster response costs in the 2021-22 and 2022-23 fiscal years based upon actual expenditures, as determined by the Department of Finance, the Director of Finance may reduce ~~the~~ up to \$486,000,000 allocated to direct disaster response from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 and instead allocate that amount from the General Fund. Of this amount, the Director of Finance may allocate General Fund to any other state fund to offset actual expenditures in these fiscal years related to the state's direct response to the COVID-19 public health emergency. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure until December 31, 2026.

(n) (1) For a purpose specified in paragraph (2), the Director of Finance may reduce an amount appropriated from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 and instead allocate a like that amount of from the General Fund. This reduction and corresponding allocation from the General Fund may be for the following programs: an amount up to, but not exceeding, the amount specified for the purpose listed in paragraph (2). If no item for a department currently exists to allow for adjustments for an a General Fund allocation, then an item may be created for this purpose. The State Controller shall shift any accounting transactions posted to from the Coronavirus Fiscal Recovery Fund of 2021 to the General Fund as directed by Finance the Director of Finance. The funds allocated pursuant to this subdivision shall be available for encumbrance through June 30, 2024, and expenditure until December 31, 2026.

~~(1) Labor Agency—Community Economic Resilience Fund (\$600 million) allocated in Item 0559-162-8506 of the Budget Act of 2021 (Chs. 21, 43, 69, and 84, Stats. 2021).~~

~~(2) Various Departments—Other Disaster Response Costs (\$486 million).~~

~~(3) ScholarShare (2) (A) \$95,000,000 to the Governor's Office of Business and Economic Development for the Revitalize California Tourism Program, appropriated in Item 0509-062-8506.~~

~~(B) \$1,407,894,000 to the Scholarshare Investment Board for the Statewide Child Savings Accounts (\$370 million) allocated Account Program, appropriated in Item 0954-162-8506, of the Budget Act of 2021 (Chs. 21, 43, 69, and 84, Stats. 2021).~~

~~(4) State Lands(C) \$472,500,000 to the California Student Aid Commission—Economic Support for Ports (\$250 million) allocated for the Education and Training Grants for Displaced Workers Program, Financial Aid Grants Program, appropriated in Item 3560 6980-162-8506, of~~

(o) (1) Upon finalization of the calculation pursuant to Subdivision (l), the Director of Finance may reduce an amount appropriated from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 (Chs. 21, 43, 69, and 84, Stats. 2021).

~~(5) Department of Social Services—Foodbank Assistance (\$30 million).~~

(m) The Director of Finance may reduce the instead allocate that amount appropriated from the General Fund. This reduction and corresponding allocation from the Coronavirus Fiscal Recovery Fund of 2021 in the Budget Act of 2021 and allocate a like General Fund may be for an amount from the Mental Health Services Fund for the following program up to, but not exceeding, \$2,500,000,000. If no item for a department currently exists to allow for adjustments for an a General Fund allocation, then an item may be created for this purpose. The State Controller shall shift any accounting transactions posted to from the Coronavirus Fiscal Recovery Fund of 2021 to the Mental

Health Services General Fund as directed by Finance the Director of Finance. The funds allocated pursuant to this subdivision shall be available for encumbrance or expenditure until December 31, 2026.

~~(1) Mental Health Oversight and Accountability Commission—Youth Behavioral Health Grants (\$100 million) allocated in Items 4560-162-8506 and 4560-062-8506 of the Budget Act of 2021 (Chs. 21, 43, 69, and 84, Stats. 2021).~~

~~(2) If the Director of Finance reduces and allocates funds pursuant to this subdivision, The Director of Finance a revised allocation plan shall be provided along with the required notification to the Joint Legislative Budget Committee pursuant to subdivision (p). For purposes of subdivision paragraph (1), the Department Director of Finance shall consider funding for transformative planning and implementation activities in a revised allocation plan.~~

(p) Adjustments, including reversions, authorized pursuant to this section shall not be expended or reverted prior to 30 days after the Director of Finance notifies the Joint Legislative Budget Committee in writing of the purposes of the planned expenditure or reversion and the justification for the amount proposed for expenditure or reversion. The Chairperson of the Joint Legislative Budget Committee, or the chairperson's designee, may shorten or waive that 30-day period by written notification to the Director of Finance.



Gavin Newsom ■ Governor

1021 O Street, Suite 3110 ■ Sacramento CA 95814 ■ www.dof.ca.gov

May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, 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 2022-23 SAL is estimated to be \$135,637,000,000 at May Revision. The revised limit is the result of applying the growth factor of 7.9 percent. The revised 2022-23 limit is \$4.272 billion above the \$131,365,000,000 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 ~~\$131,365,000,000~~ \$135,637,000,000 for the 2022–23 fiscal year.

Any judicial action or proceeding to attack, review, set aside, void, or annul the “appropriations limit” for the 2022–23 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.

KEELY MARTIN BOSLER

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Sydney K. Kamlager, Chair, Senate Budget and Fiscal Review Subcommittee
No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
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



May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, 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:

“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 considers 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 2022–23 fiscal year are ~~\$73,134,450,000, or 38.4 percent~~ \$82,282,441,000 or 38.3 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 ~~\$62,148,754,000, or 32.6~~ \$71,021,862,000 or 33.1 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 ~~\$889,744,000, or 0.5~~ \$896,637,000 or 0.4 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 ~~\$6,937,175, or 3.6~~ \$8,054,371,000 3.7 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 ~~\$97,534,000~~ \$93,915,000, or 0.1 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 transferred to the Public School System Stabilization Account are ~~\$3,061,243,000, or 1.6~~ \$2,225,656,000 or 1.0 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 Chris Ferguson, Program Budget Manager, at (916) 445-0328.

KEELY MARTIN BOSLER

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable John Laird, Chair, Senate Budget and Fiscal Review Subcommittee No. 1
Honorable Kevin McCarty, Chair, Assembly Budget Subcommittee No. 2
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



May 13, 2022

Honorable Nancy Skinner, Chair
Senate Budget and Fiscal Review Committee

Attention: Elisa Wynne, Staff Director

Honorable Phil Ting, 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 2022–23 fiscal year pursuant to this act, as passed by the Legislature, is ~~\$220,934,000,000~~ \$238,015,000,000.

(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 2022–23 fiscal year is ~~\$2,869,000,000~~ \$3,239,000,000.

(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 2022–23 fiscal year is ~~\$8,050,000,000~~ \$5,854,000,000.

(3) 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 2022–23 fiscal year is ~~\$1,565,000,000~~ \$2,958,000,000.

(4) 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 2021–22 fiscal year is ~~\$9,424,000,000~~ \$10,499,000,000.

(5) 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 2021–22 fiscal year is ~~\$1,574,000,000~~ \$2,240,000,000.

(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 capital gain revenues that exceed 8 percent of General Fund proceeds of taxes for the 2020–21 fiscal year is ~~\$8,106,000,000~~ \$8,683,000,000.

(7) For purposes of subparagraph (G) of paragraph (2) of subdivision (b) of Section 20 of Article XVI of the California Constitution, the second true up of the transfer to the Budget Stabilization Account for the 2020–21 fiscal year is ~~\$1,948,000,000~~ \$2,304,000,000."

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.

KEELY MARTIN BOSLER

Director

By:

/s/ Erika Li

ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Fiscal Director
Honorable Chris R. Holden, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Attention: Joseph Shinstock, Fiscal Director
Honorable Sydney K. Kamlager, Chair, Senate Budget and Fiscal Review Subcommittee
No. 4
Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
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