

May Revise Changes to Wildfire Funding:

The January budget proposal included \$120 million General Fund in 2020-21 (\$150 million ongoing) and 677 positions, phased in over five fiscal years, for additional resources to provide CAL FIRE operational flexibility throughout peak fire season and beyond based on fire conditions.

The May Revise maintains \$85.6 million General Fund (\$135.1 million ongoing) for permanent firefighting positions to provide CAL FIRE with operational flexibility throughout the peak fire season and beyond as fire conditions dictate. According to the revised proposal, these resources will be leveraged to provide relief for frontline firefighting staff, which will directly benefit employee health and wellness. Additionally, these resources will serve as an immediate resource pool to be deployed strategically, based on fire risk, to build CAL FIRE's surge capacity by staffing additional engines during the late fall, winter, and early spring, and adding a fourth firefighter on a portion of engines. Given the urgent needs associated with preparing for the upcoming 2020 peak fire season, CAL FIRE will utilize seasonal firefighters and other surge capacity resources, and begin phasing in permanent firefighting staff later in the year.

The revised budget also proposes an additional \$4.4 million General Fund (\$7.6 million ongoing) to implement the new pioneering wildfire prediction and modeling technology that was procured through the Innovation Procurement Sprint process initiated through Executive Order N- 04-19. According to the proposal, the recently-executed contract will enable CAL FIRE to access a wildfire predictive software program that can perform hundreds of millions of simulations daily, over large geographic areas, and generate predictions and wildfire forecasts based on simulated or reported ignition points throughout the state. The data from this software program will be used to inform fire pre-positioning and suppression tactical operations, with the intent to more readily control and contain wildfires, and to protect people and assets at risk.

The January budget proposal included \$9 million (\$8.8 million General Fund) and 22 positions across Cal OES, CAL FIRE, the Military Department, and the PUC to begin implementation of the Wildfire Forecast Center.

The May Revise proposes to reduce this funding from \$8.8 million General Fund to \$2 million General Fund. This Center is envisioned to enhance the state's emergency response capabilities through improved forecasts for tracking and predicting critical fire weather systems, which improves situational awareness of fire threat conditions in real-time, consistent with Chapter 405, Statutes of 2019 (SB 209).

The January budget proposal included \$110.1 million (\$26.8 million General Fund, \$75 million Federal Trust Fund, and \$8.3 million Greenhouse Gas Reduction Fund) to implement Chapter 391, Statutes of 2019 (AB 38). More specifically, CAL FIRE and Cal OES were to develop a Joint Powers Agreement to administer a \$100 million home hardening pilot program, with a focus on homes located in low-income communities in

areas of high fire risk. The \$8.3 million Greenhouse Gas Reduction Fund and 26 positions for CAL FIRE were to support additional defensible space inspections and facilitate completion of a regional fire prevention capacity review.

The May Revise proposes to withdraw \$101.8 million (\$26.8 million General Fund and \$75 million Federal Trust Fund) for Cal OES and CAL FIRE for implementation of the home hardening pilot grant program authorized by AB 38. According to the revised proposal, infrastructure investments to improve the resiliency of vulnerable communities will be considered as part of an overall infrastructure plan.

The proposal maintains the \$8.3 million Greenhouse Gas Reduction Fund for CAL FIRE to meet defensible space-related and other requirements pursuant to AB 38.

The January budget proposal included \$9.4 million (\$9.2 million General Fund) and 50 positions to enhance Cal OES' ability to anticipate, prepare for, respond to, and recover from disasters.

The May Revise proposes to maintain the \$9.4 million (\$9.2 million General Fund) and 50 positions to enhance Cal OES's ability to prepare for, respond to, and assist the state in recovering from disasters while maximizing eligible federal reimbursements.

The January Budget proposal included \$16.7 million one-time General Fund to increase the amount of funding available through the California Disaster Assistance Act (CDAA), which is used to repair, restore, or replace public real property damaged or destroyed by a disaster, and to reimburse local government costs associated with certain activities undertaken in response to a state of emergency. This augmentation would have increased CDAA funding included in the Budget to \$79.3 million.

The May Revise proposes a total of \$38.2 million one-time General Fund (maintaining \$16.7 million included in the Governor's Budget and an additional \$21.5 million) to increase the amount of funding available through the CDAA. This augmentation increases total CDAA funding available in the Budget to \$100.8 million.

The January Budget proposal included \$50 million one-time General Fund to support additional preparedness measures that bolster community resiliency.

The May Revise maintains \$50 million one-time General Fund to support additional preparedness measures that bolster community resiliency. Building on the state's 2019-20 power resiliency investments, these measures will support critical services still vulnerable to power outage events, including schools, county election offices, and food storage reserves. This proposal will support a matching grant program to help local governments prepare for, respond to, and mitigate the impacts of power outages.

Cap and Trade Expenditure Plan

The May Revise maintains the January Governor's Budget proposal of a \$965 million Cap and Trade Expenditure Plan, but given significant uncertainty about future revenues proposes a "pay-as-you-go" budget mechanism to authorize Budget Act expenditures based on actual proceeds received at each quarterly auction. This proposed budget mechanism will prioritize initial auction proceeds for the following programs:

- Air Quality in Disadvantaged Communities: AB 617 Community Air Protection Program and agricultural diesel emission reduction.
- Forest Health and Fire Prevention, including implementation of the requirements of Chapter 391, Statutes 2019 (AB 38).
- Safe and Affordable Drinking Water.

According to the revised proposal, departments would be directed to prioritize non-discretionary costs, such as salaries and wages, and any remaining auction proceeds would be allocated to other programs proportionally.

Climate Resiliency Bond Proposal

The January Budget proposed that a \$4.75 billion Climate Resilience Bond be placed before voters in the November 2020 ballot. The bond would have allocated \$750 million to harden critical public infrastructure in high fire-risk communities and made additional investments in forest health. This forest health investment would have been complementary to the forest health and fuel reduction activities supported by the Greenhouse Gas Reduction Fund and to the investments the Governor and Legislature have required that utilities make in high-risk areas across the state. The May Revise no longer proposes a Climate Resilience Bond.