



January 8, 2016

Governor Brown unveiled a summary of his proposed State Budget for fiscal year 2016-17 on Thursday, January 7. The plan proposes a total budget of \$171 billion with a General Fund component of \$122.6 billion. \$3.6 billion would be set aside in the “rainy day fund” (Budget Stabilization Account) that was strengthened by Proposition 2. **Please note that all of the priorities and amounts delineated below require approval from the Legislature before they can be enacted.**

Natural Resources

The proposed budget provides an additional \$323.1 million (\$212.1 million General Fund) on a one-time basis to the Department of Water Resources, the Department of Fish and Wildlife, the State Water Resources Control Board, the California Department of Food and Agriculture and other agencies to continue immediate response to the drought.

An increase of \$385 million in Proposition 1 funds would be directed to multiple agencies to support projects that meet the state’s commitments under the Klamath Agreements (\$250 million), the Central Valley Improvement Act (\$90 million), and the San Joaquin River Settlements (\$45 million).

The State Water Resources Control Board would be provided \$5.4 million from the General Fund to continue enforcement of drought-related water rights and curtailment actions, and \$16 million from the Cleanup and Abatement Account to provide grants for emergency drinking water projects.

DWR would be provided an increase of \$100 million from the General Fund for levee repairs to enhance flood protection in the Central Valley, another \$3 million to identify water delivery operational improvements and evaluate long-term climate change impacts on statewide water supplies, \$2.5 million for groundwater management and \$80 million from Proposition 1 to expand habitat and suppress dust at the Salton Sea.

CalFire was granted \$180 million from the Greenhouse Gas Reduction Fund. The money would be divided as follows: \$30 million for Urban and Community Forestry, \$10 million for the Forest Legacy Program, and \$140 million for the landscape-scale Forest Health and Resilience programs. Much of the \$140 million is expected to go towards the governor’s emergency declaration regarding California’s significant drought and beetle-caused tree die-off. The budget also includes funds to assist Lake and Calaveras counties as they rebuild after the wildfires in their counties. The budget proposes \$1.9 million to backfill property tax, sales and use tax, and transient occupancy tax revenue losses that Calaveras and Lake counties, and the special districts located in those counties, will incur due to the wildfires.

Additionally, the state will cover local costs for an existing CalFire \$2.6 million contract with South Lake County Fire and a \$267,000 contract with Calaveras County.

The Department of Fish and Wildlife would be provided an additional \$7.7 million and the authority to hire 31 positions to implement its responsibilities under the new medical marijuana laws. These responsibilities include establishing a statewide Watershed Enforcement Program and permanent multiagency task force with the State Water Resources Control Board to investigate potential environmental damage from marijuana cultivation.

The Strategic Growth Council is proposed to receive \$40 million to fund the Sustainable Agricultural Lands Conservation Program. These funds would be for grants for agricultural land protection strategies and conservation easements.

California Department of Food and Agriculture

CDFA would be provided a number of budget augmentations under the governor's proposed budget. These increases include:

- \$192,000 and one new veterinarian to address the ongoing threat of Highly Pathogenic Avian Influenza outbreaks;
- \$200,000 to continue its work with the University of California to quantify the drought impacts on California agriculture;
- \$75 million from the Greenhouse Gas Reduction Fund to promote greenhouse gas emission reductions in agriculture; these funds would be divided among the State Water Efficiency and Enhancement Program (\$20 million), the Dairy Digester Research and Development Program (\$35 million), and the Healthy Soils Initiative (\$20 million);
- \$1 million in budget authority to fund the Asian Citrus Psyllid and Huanglongbing Mitigation Project;
- \$6.62 million to pay for CDFA's new responsibilities to regulate medical marijuana production;
- \$1.39 million to fund CDFA's implementation of SB 27 to address antibiotic resistance; and
- \$4 million for county fairs to complete deferred maintenance projects.

Transportation

The proposed budget includes total funding of \$16.2 billion for all programs administered by the Transportation Agency. There are six entities that will share this funding; Caltrans, California Transportation Commission, High Speed Rail Authority, DMV, CHP and the Board of Pilot Commissioners.

The focus in the Transportation section of the budget is infrastructure repair, maintenance and the efficient operation of the highway system. This is part of a 10-year budget plan that is projected to provide a total of \$36 billion, with the focus on repairing and maintaining the existing infrastructure as well as a large investment in public transit. The key elements proposed to provide the revenue are as follows:

- Road Improvement Charge - \$2 billion from a new \$65 fee on all vehicles, including hybrids and electrics.

- Increase the Gasoline Excise Tax - \$500 million by setting the gasoline excise tax at 18 cents beginning in 2017. The current annual adjustments would be eliminated and the higher gasoline tax would then be adjusted annually for inflation to maintain purchasing power.
- Increase the Diesel Excise Tax - \$500 million from an 11 cent increase in the diesel excise tax beginning in 2017. This tax would also be adjusted annually.
- Additional Cap and Trade revenue of \$500 million.
- Caltrans Efficiencies - \$100 million in cost-saving reforms.
- A \$10 increase in the vehicle registration fee to address annual shortfall of about \$500 million in the Motor Vehicle Account that provides funding for the DMV, CHP, Air Resources Board and other departments.

Education

The budget also proposed funding for the Career Technical Education (CTE) Incentive Grant program administered by the California Department of Education. The program allocates \$900 million over three years: \$400 million in 2015-16, \$300 million in 2016-17, and \$200 million in 2017-18 in the form of competitive matching grants to school districts, county offices of education, and charter schools.

The budget proposal is a start, but is insufficient to establish and maintain quality CTE coursework. The fact that the funding diminishes each year and ends after 2018 fails to provide the necessary incentive to create new programs for schools or for those going into the educational field to get the certification required to teach such programs. At this time, there are very few CTE teachers in the pipeline to provide instruction.

The Agriculture CTE Incentive Grant Program Proposition 98 funds allocation of \$4.134 million remains intact in this budget proposal. Farm Bureau will continue to work with a coalition in the ongoing effort to secure long-term, reliable funding for both CTE programs.