

FEDERAL AND STATE LEGISLATIVE UPDATES

Federal Budget Update – June 2019

Despite the absence of a bipartisan, bicameral agreement on a topline budget number for federal fiscal year (FFY) 2020, the Democratic leaders of the House Appropriations Committee have continued to advance a number of the individual spending bills for the FFY that begins October 1. To date, House appropriators have taken action on 10 of the 12 annual funding measures, with Democratic leaders committed to moving every spending package to the floor before the July 4 recess.

Across Capitol Hill, the Republican leaders of the Senate Appropriations Committee have indicated that they will *not* take up any FFY 2020 spending legislation until lawmakers reach a deal on a new budgetary framework.

To follow are key details of several of the major spending bills of interest to Solano County.

Energy and Water Development

Approved May 21 by the full House Appropriations Committee on a 31-21 vote. The Energy and Water Development spending bill provides funding for the Department of Energy, the U.S. Army Corps of Engineers, the Bureau of Reclamation, and several independent agencies.

California Bay-Delta Restoration

The House Energy and Water spending bill provides \$33 million for California Bay-Delta Restoration, a \$2 million decrease from the FFY 2019 enacted level. The account focuses on the health of the Bay-Delta ecosystem and improved water management and supplies.

WIIN Act Funding

The legislation would provide \$67 million for water storage projects authorized in the *Water Infrastructure Improvements for the Nation (WIIN) Act*. With regard to California, the funds could be used for the following projects: design and pre-construction work on the Shasta Reservoir project; feasibility study completions for the Sites Reservoir and the Temperance Flat Reservoir; and, initiation of a feasibility study to address subsidence on the Friant Kern Canal.

Central Valley Project Restoration Fund

This fund was established to carry out the provisions of the *Central Valley Project Improvement Act* and to provide funding for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in California's Central Valley. The House spending bill would reduce the program by over \$7 million; however, the decrease is consistent with the president's budget request and is based on a three-year rolling average of collections.

Energy Efficiency and Renewable Energy (EERE)

EERE's mission focuses on the development of clean, affordable, and secure energy. The measure would provide approximately \$2.65 billion for the account, \$273 million more than the FFY 2019 enacted level.

Weatherization Assistance Grants

Weatherization Assistance Grants help low-income families make their homes more energy efficient while reducing their energy bills. The Energy and Water bill includes \$290 million for the program in FFY 2020, a \$36 million increase from the previous funding level.

Labor-Health and Human Services-Education

Approved May 8 by the full House Appropriations Committee on a 30-23 vote. The Labor-Health and Human Services-Education spending bill provides funding for the Department of Labor, the Department of Health and Human Services, the National Institutes of Health, the Department of Education, and related agencies.

Centers for Disease Control and Prevention (CDC)

The House Labor-HHS bill boosts funding for the CDC by \$920 million. The CDC provides a major source of federal support for public health departments.

Substance Abuse and Mental Health Services Administration (SAMHSA)

SAMHSA works with local governments to support and improve community-based services for people with mental illnesses and substance abuse conditions. The bill would increase SAMHSA funding by \$115 million in FFY 2020.

Community Mental Health Services Block Grant

The Community Mental Health Services Block Grant, which helps support Counties' mental health services, would be funded at \$35 million above current levels.

Substance Abuse Prevention and Treatment Block Grant

This block grant helps County behavioral health authorities address alcohol and drug abuse prevention, treatment, and rehabilitation services. The Labor-HHS bill provides level funding (\$1.86 billion) in FFY 2020.

State Opioid Response Grants

These formula grants help provide prevention, treatment, and recovery support services to individuals with opioid use disorder. House appropriators have endorsed level funding (\$1.5 billion) for the program in the upcoming FFY.

Social Services Block Grant (SSBG)

The SSBG is a flexible funding source that allows states to tailor social service programming to their population's needs. California primarily uses the funding to provide services for those with developmental disabilities, as well as for child abuse prevention activities. The House measure includes level funding for the program in FFY 2020.

Child Care and Development Block Grant

The Child Care and Development Block Grant is the primary federal funding source supporting child care for low-income families. The Labor-HHS bill provides a large boost (+\$2.4 billion) in funding for the program.

Community Services Block Grant (CSBG)

The CSBG provides funds to alleviate the causes and conditions of poverty in communities. CSBG allows Counties to design and implement anti-poverty programs tailored to an individual community's needs. The legislation would provide an additional \$35 million for the program in FFY 2020.

Head Start

Head Start provides grants directly to local organizations to provide comprehensive early childhood education services to children and their families. The Labor-HHS bill allocates nearly \$11.6 billion for the program, an increase of \$1.5 billion.

Home and Community-Based Supportive Services

This program provides formula grants to States to fund a wide range of social services that enable seniors to remain independent in their homes. The House measure recommends \$422 million for Home and Community-Based Supportive Services, approximately \$37 million above current levels.

Senior Nutrition Programs

The House Labor-HHS bill would provide an additional \$93 million for programs that provide meals and related services in a variety of settings, including at congregate facilities (senior centers) and via home-delivery (through programs like Meals on Wheels). It should be noted that funding for home delivered meals would increase by \$54 million under the measure.

Low-Income Home Energy Assistance Program (LIHEAP)

The House bill would increase funding (+\$150 million) for LIHEAP, which helps provide heating and cooling assistance to low-income families.

Workforce Innovation and Opportunity Act (WIOA)

The House Labor-HHS spending bill provides about \$3 billion for WIOA programs, which is \$178 million above the FFY 2019 enacted level. WIOA is the largest single source of federal funding for workforce development activities and a critical resource to Counties.

Veterans Employment and Training (VETS)

The legislation includes \$316 million for VETS, a \$16 million increase over current funding levels.

Job Corps

The Job Corps program, which provides job training and education for low-income out-of-school youth, would be funded at \$1.9 billion under the House measure, an increase of \$150 million.

Institute of Museum and Library Services (IMLS)

The House Labor-HHS bill provides an additional \$15 million for the IMLS, which includes an additional \$10 million for the Grants to States program.

Transportation-Housing and Urban Development (HUD)

Approved in subcommittee by voice vote on May 23. The Transportation-HUD spending bill provides funding for the Department of Transportation, the Department of Housing and Urban Development, and related agencies.

It should be noted that committee Democrats added language to the bill that would block the Trump administration's proposed public housing rule, which would require every member of a household receiving federal housing aid to be a U.S. citizen or have eligible immigration status. The rule would threaten the housing tenure of 55,000 children who are citizens or legal residents.

Highway Program

The House T-HUD spending bill provides over \$47 billion for federal highway programs, nearly \$1.1 billion more than the previously enacted level.

BUILD Grants

The measure provides \$1 billion for the multimodal BUILD program (formally known as TIGER grants), which is \$100 million more than the FFY 2019 enacted level. The bill requires the grants to be equally distributed to rural and urban areas and equitably spread across regions and transportation modes.

Aviation Programs

The House legislation provides level funding for the Airport Improvement Program (AIP), which funds airport infrastructure projects such as runways, taxiways, noise abatement, etc. In addition, the legislation will provide \$500 million in supplemental funding for airports.

Transit Programs

The proposed legislation increases funding for transit formula grants by \$211 million, though includes a cut to Capital Investment Grants (-\$251 million). These grants are the primary source of federal financial assistance to support transit projects, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. In addition, the bill includes \$750 million in transit infrastructure funding, which is \$50 million above what was provided in FFY 2019.

Rail Programs

The spending bill provides \$350 million for the Federal Railroad Administration (FRA) State of Good Repair Grants, \$50 below the FFY 2019 enacted level. However, the agreement also includes a sizeable increase (+\$95 million) for the Consolidated Rail Infrastructure and Safety Improvement Grant program, which helps support a wide range of freight and passenger projects, including safety efforts like reducing grade crossing incidents.

California High-Speed Rail

On May 16, the FRA announced that it would seek to claw back nearly \$1 billion in funding that had previously been designated for California's high-speed rail project. However, the House T-HUD bill would prohibit the administration from terminating the grant agreement with the California High Speed Rail Authority or require the State to repay funding previously obligated and expended.

Fuel Economy Standards

The legislation includes a policy rider that would prohibit Department of Transportation (DOT) from finalizing a rule to roll back fuel-economy standards for automobiles. EPA and the National Highway Traffic Safety Administration have proposed capping federal fuel economy requirements at a fleet average of 37 miles per gallon starting in 2020. Under current Obama-era mandates, the average would continue to rise to about 47 miles per gallon by 2025.

Community Development Block Grants (CDBG)

The CDBG program provides flexible formula funds to state and local governments for a wide range of community and economic development activities (e.g., housing rehabilitation, blight removal, infrastructure and public improvements, and public services). The House T-HUD spending bill would provide an additional \$300 million for the program in FFY 2020.

HOME Investment Partnerships Program

The HOME program provides flexible formula grants to local governments to expand the supply of affordable housing for low-income households. The legislation proposes increasing funding by an additional \$500 million.

Choice Neighborhoods

This program provides competitive planning and implementation grants to improve neighborhoods with distressed public and/or assisted housing. The House measure would provide an additional \$150 million for the program, doubling the 2019 enacted level.

Homeless Assistance Grants

Homeless Assistance Grants, which provide funding for local governments to serve those affected by homelessness, would see a slight boost (+\$164 million) in funding.

Section 8 Housing Choice Vouchers

Section 8 vouchers help low-income families obtain affordable housing by reimbursing the difference in what a family can afford and their actual rent. The House bill would provide an additional \$1.2 billion for the program in FFY 2020. In addition, the legislation would increase funding (+\$843 million) for Project-Based Rental Assistance.

Resilience

The legislation includes a policy rider requiring that all HUD grantees develop a resiliency plan as part of the consolidated planning process.

Commerce-Justice-Science (CJS)

Approved May 22 by the full House Appropriations Committee on a 30-22 vote. The Commerce-Justice-Science (CJS) spending bill provides funding for the Department of Justice, the Department of Commerce, NASA and related agencies.

It should be noted that the committee-approved CJS bill includes a rider – often referred to as the Rohrabacher-Farr amendment – that would prohibit federal funding from being used to prosecute individuals or businesses acting in compliance with state-legal medical cannabis laws.

State Criminal Alien Assistance Program (SCAAP)

The House CJS spending bill provides \$260 million for the SCAAP program, an increase of \$16.5 million. SCAAP partially reimburses Counties for incarcerating undocumented criminals with at least one felony or two misdemeanor convictions.

Byrne-Justice Assistance Grants (Byrne-JAG)

Byrne-JAG is the primary source of flexible federal criminal justice funding for State, local, and tribal jurisdictions. The measure includes \$530 million for the program in FFY 2020, an increase of \$106 million.

COPS Hiring Program

The COPS hiring program, which is currently under a nationwide injunction, provides competitive grants to hire and re-hire entry level career law enforcement officers. The legislation provides an additional \$10.3 million for the program in FFY 2020.

Violence Against Women Act (VAWA)

VAWA grant programs are designed to help reduce domestic violence, dating violence, sexual assault, and stalking. The CJS measure provides over \$582 million for VAWA programs, an increase of \$85 million.

Opioid Abuse Reduction Programs

DOJ's Comprehensive Opioid Abuse Program funds local opioid-related initiatives, including overdose outreach projects and prescription drug monitoring programs. The House CJS bill would provide an additional \$28 million for such programs.

Juvenile Justice Programs

Juvenile Justice programs provide direct funding to Counties to support State Juvenile Justice Systems and prevent juvenile delinquency. Programs include youth mentoring grants, victims of child abuse programs, and missing and exploited children programs, among other things. The legislation includes nearly \$342 million for these programs, an increase of more than \$54 million.

Victims of Crime Act (VOCA)

VOCA provides federal support for State and local programs that assist victims of crime. In California, VOCA grants provide funding for a number of victim services programs, including; crisis intervention; domestic violence shelters; services for victims of human trafficking; and, services for elder victims and victims with disabilities. The spending agreement includes \$2.84 billion for victim services programs authorized under the law. The proposed funding level represents a \$512 billion reduction when compared to the FFY 2019 omnibus.

Economic Development Assistance (EDA)

EDA programs provide direct assistance to communities for planning, public works/infrastructure improvements, and economic assistance to address sudden and dramatic changes to regional economies.

Census

The legislation would bar the Census Bureau from adding any question to the 2020 Census that was **not** included in the 2018 end-to-end test in Rhode Island, including the Trump administration's proposed question about citizenship status.

Interior-Environment

Approved May 22 by the full House Appropriations Committee on a 30-21 vote. The Interior and Environment spending bill provides funding for the Department of the Interior (excluding the Bureau of Reclamation), the U.S. Forest Service, the Environmental Protection Agency, and a number of related agencies.

Payments-in-Lieu-of-Taxes (PILT)

PILT provides federal payments to local governments to help offset losses in property taxes due to nontaxable federal lands within their boundaries. The House Interior spending bill would fully fund the program in FFY 2020.

Wildland Fire Management

The measure includes approximately \$5.21 billion for wildfire management and suppression activities conducted by the Interior Department and the U.S. Forest Service. It should be noted that this figure includes a \$2.25 billion budget cap adjustment (created by the FFY 2018 omnibus spending law) that would provide additional spending authority to meet suppression costs that exceed the appropriation.

Hazardous Fuels

The legislation would reduce spending by \$45 million for hazardous fuels treatment in FFY 2020. These treatments help reduce the threat of catastrophic wildfire.

Land and Water Conservation Fund (LWCF)

The House Interior spending bill would provide \$524 million for the LWCF, an increase of \$86 million.

Clean Water and Drinking Water State Revolving Funds (SRF)

These programs provide federal financial assistance for the construction of drinking water and wastewater infrastructure and treatment facilities. For FFY 2020, the House bill includes an additional \$252 million for both programs.

Water Infrastructure Finance and Innovation Act (WIFIA) Program

WIFIA, which provides long-term, low-cost loans for large water and wastewater projects, would see a decrease in FFY 2020.

Diesel Emissions Reduction Act (DERA) Grants

DERA grants help local governments reduce diesel emissions to meet federal air quality standards. For FFY 2020, the Committee directs EPA to continue to make at least 70 percent of DERA grants available to improve air quality in non-attainment areas.

Targeted Airshed Grants

Targeted Airshed Grants support local clean air projects in areas facing the highest levels of ground-level ozone and particulate matter. The FFY 2020 funding measure would cut the program by \$22 million.

Agriculture

Approved in subcommittee by voice vote on May 23. The Agriculture spending bill provides funding for the U.S. Department of Agriculture, the Food and Drug Administration, and related agencies.

Supplemental Nutrition Assistance Program (SNAP)

SNAP, or CalFresh, helps provide nutrition assistance to low-income individuals and families. The House bill would provide nearly \$71.1 billion in required mandatory spending for the program. This is almost \$2.4 million below the FFY 2019 level, but the reduction is attributed to declining enrollment rather than program cuts.

Women, Infants, and Children (WIC) Nutrition Program

The WIC program helps low-income families by providing nutrition education, breastfeeding support, vouchers for healthy foods, and healthcare referrals. The legislation includes approximately \$6 billion for WIC, a reduction of \$75 million. However, the 2020 amount is based on USDA estimates of WIC enrollments and would not prevent any eligible participants from receiving benefits.

Child Nutrition Programs

The House Agriculture spending bill would provide over \$24 billion in mandatory funding for child nutrition programs, including the School Lunch program. This is approximately \$900 million above FFY 2019 levels.

Water and Waste Disposal Program

The Water and Waste Disposal Program provides financing for rural communities to establish, expand, or modernize water treatment and waste disposal facilities. For FFY 2020, the legislation includes an additional \$100 million for the grant program.

Broadband

The Agriculture funding measure would provide level funding (\$550 million) for the Re-Connect program, which aims to increase access to broadband connectivity in unserved rural communities. The bill also includes a \$20 million boost for broadband grants.

Rural Community Facilities Program

The Rural Community Facilities Program helps fund rural hospitals, schools, and health clinics. The legislation would provide level funding for the loan program (\$2.8 billion), but it also would increase grant funding for the program (+\$30 million).

Distance Learning and Telemedicine

These grants help provide funding to improve telemedicine and distance learning services in rural areas. The House spending bill would provide \$50 million for the program, an increase of \$16 million.

State Budget Update

On May 9, 2019, the Governor released the May Revision to his Proposed 2019-2020 State Budget. The May Revision proposes a \$147 billion General Fund Budget and \$214 billion in all funds and transfers, an increase of \$4.5 billion over the January 2019 Budget Proposal. The Governor made several modifications to his proposed 2019-2020 Budget when he presented his updated budget. The final stages of the budget process are underway, with Conference Committee expected to convene shortly. The budget is expected to be completed timely and sent to the Governor on or before June 15, 2019.

Homeless Emergency Aid

The Governor's Budget included \$500 million one-time General Fund for jurisdictions for the construction and expansion of emergency shelters and Navigation Centers. Additionally, the Governor's Budget included \$25 million ongoing General Fund for the Housing and Disability Advocacy program to assist homeless, disabled individuals with applying for disability benefit programs, and \$100 million one-time General Fund for Whole Person Care Pilot programs that provide housing services.

The May Revision increases the \$500 million proposal to \$650 million and updates the allocation of the grants. California's most populous 13 cities will receive \$275 million, Counties will receive \$275 million, and Continuums of Care (CoCs) will receive \$100 million, based on the 2019 federal point-in-time count. To continue to encourage regional collaboration, funds are contingent on cities and Counties submitting regional plans to their CoCs. These plans must then be approved by the State.

The May Revision also expands the eligible uses for the funds to include innovative projects for which one-time funding is well suited. This includes, but is not limited to, hotel/motel conversions, traditional and non-traditional permanent supportive housing, rapid rehousing, or jobs programs.

Please note that there is not an agreement between the Legislature and Governor on how the homeless funding will go out; the Legislature has rejected sending funds directly to Counties. This matter will have to be resolved either at the Conference Committee or in the final, private negotiations between the Governor and leaders of the two houses.

County Medical Services Program (CMSP) Funding

Solano County participates in the CMSP. CMSP received direct funding from the State through realignment, and the Governor Board has utilized those funds to provide services and grants to individuals residing in the 35 CMSP counties or to the participating Counties.

Since the implementation of the Affordable Care Act, there has been a low caseload for CMSP as many participants were shifted to Medi-Cal. As a result, the Governing Board has slowly accumulated a substantial reserve (built up through realignment funding and one-time federal reimbursements). The Governor proposed to eliminate all State funding to the Governing Board (and thus to the 35 counties who participate) until the reserve is spent down to two years of operating reserves, and then switching to a different share of realignment revenue that would actually result in zero dollars flowing to the Board to provide services in member counties. CMSP is opposing this proposal and working through Finance, the Legislative Analyst Office (LAO) and the legislators who represent the CMSP counties to effectuate a different outcome.

Whole Person Care Pilot Programs

Building on the \$100 million one-time General Fund proposed in the Governor's Budget for Whole Person Care Pilots; the May Revision includes a \$20 million one-time augmentation from the Mental Health Services Fund for Counties that do not operate Whole Person Care Pilots. With this funding, additional Counties will be able to develop and implement essential programs to focus on coordinating health, behavioral health (for individuals with a mental health and/or substance use disorder), and critical social services, such as housing. Priority will be given to individuals with mental illness who are also homeless, or at risk of becoming homeless.

In-Home Supportive Services (IHSS)

The May Revisions includes an increase of \$55 million General Fund related to the re-benching of the County IHSS Maintenance-of-Effort to reflect revised 1991 Realignment revenue projections and revised IHSS caseload and cost projections.

The Budget Committees added language in the IHSS portion of the budget to only apply MOE relief to Counties that had reached an agreement with their IHSS bargaining unit. The Governor did not include this language, and it will have to be resolved in conference or final negotiations. This is of serious concern to Counties, particularly those that are not in contract currently.

CalWORKs

The May Revision included several increases in CalWORKs:

- An increase of \$40.7 million General Fund in 2019-20 (\$54.2 million annually thereafter) to establish a 12-month eligibility period for CalWORKs Stage One Child Care services. See the Early Childhood Chapter for more information.
- An increase of \$10.7 million in General Fund and federal TANF block grant funds to reflect updated projections of CalWORKs case eligible for home visiting services. See the Early Childhood Chapter for more information.
- A one-time increase of \$15 million General Fund in 2019-20 for County administration efforts to process new CalFresh applicants as a result of eliminating the Supplemental Security Income Cash-Out policy.
- A one-time increase of \$14.4 million General Fund in 2019-20 to support County efforts in eliminating the backlog of foster care resource family applications that are pending review and approval.
- A one-time increase of \$21.6 million General Fund in 2019-20 for activities and services to retain, recruit, and support foster parents, relative caregivers, and resource families.
- An increase of \$21.7 million General Fund and federal TANF block grant funds in 2019-20 to provide caregivers with up to four months of emergency assistance payments pending resource family approval. Beginning in 2020-21 and annually thereafter, the State will fund emergency assistance payments for up to three months, as local child welfare agencies and probation departments are anticipated to complete the resource family approval process within three months of application receipt. The May Revision includes a TANF reserve of \$31.2 million to fund emergency assistance costs through 2020-21.

Disaster Preparedness, Response and Recovery

The May Revision includes \$39.9 million (\$38.6 million General Fund) and 159.5 positions for various departments to enhance the State's disaster preparedness, response, and recovery capabilities; support the continuity of State government during disasters; and increase technical proficiency to best position the State to maximize appropriate federal reimbursements of billions of dollars. This includes resources for departments to enhance disaster contingency planning and preparedness, provide funding to support CalOES mission tasking, and facilitate the development of a Statewide Disaster Reserve Corps for surge capacity during disasters.

Specific increases in the May Revision include:

- \$5.9 million in ongoing funds (\$5.1 million General Fund) and 76 positions to enhance CalOES disaster preparedness and response capacity for future State disasters. Without the appropriate tracking and coordination of disaster costs, California would be at risk of losing federal funding.
- \$2 million General Fund (with \$740,000 in ongoing resources) and four positions to create a permanent Disaster Response and Recovery Unit that will provide housing expertise in coordination with Statewide disaster recovery efforts and to hire a consultant that will conduct local needs assessments related to the 2018 Camp and Woolsey fires as well as create local long-term recovery plan frameworks.
- \$20 million one-time General Fund for a State mission tasking appropriation within the CalOES budget. In addition, \$1.5 million and 12 positions are proposed for CalOES to coordinate with all State agency responders as a part of effectively managing and monitoring this appropriation given it will be responsible for the distribution of these funds. When State entities are mission tasked, some staffing costs associated with those activities are not absorbable within existing budgets, nor are these costs eligible for the California Disaster Assistance Act or Disaster Response-Emergency Operations Act funding. This proposed State mission tasking appropriation provides a resource to fund State entities for costs incurred when mission tasked, and to fund surge capacity needs of the Statewide Disaster Reserve Corps described below.
- The May Revision includes \$711,000 ongoing General Fund and six positions to initiate the development of a Statewide Disaster Reserve Corps resource pool for surge capacity needs. This resource pool will be able to backfill departments for steady-state activities, assist with continuity planning, and identify pre-screened qualified candidates to be part of needed incident support teams to assist in State preparedness and readiness.
- The May Revision includes a one-time investment of \$75 million General Fund to improve resiliency of the State's critical infrastructure in response to investor-owned utility-led Public Safety Power Shutdown (PSPS) actions and to provide assistance to communities, where appropriate, as specific urgent needs are identified. ***Solano should follow this closely as it will have many impacts the first time there is power shut down.*** This proposal will provide a flexible source of funding to facilitate an immediate response to utility-initiated power shutdowns. In addition, planning grants to improve local preparedness for IOU-driven PSPS events would be available to the State's Operational Areas' (Counties) Offices of Emergency Management to convene regional stakeholders to discuss PSPS preparedness efforts, update emergency plans for PSPS events, and hold trainings, discussions, and exercises to reinforce planning assumptions.

Cannabis Tax Fund Allocations

As approved in Proposition 64, effective January 1, 2018, excise taxes are levied on the cultivation and retail sale of both adult-use and medicinal cannabis with tax revenues being deposited into the Cannabis Tax Fund. The cannabis excise tax is forecast to generate \$288 million in 2018-19 and \$359 million in 2019-20, a reduction of \$67 million and \$156 million, respectively, from the Governor's Budget forecast. The forecast assumes continued growth of more than 15 percent annually as new businesses continue to enter the marketplace, and local jurisdictions adjust to the state's legal framework. It is important to note that for the near term, revenue estimates will be subject to significant uncertainty because the market has only recently been established.

Pursuant to Proposition 64, expenditures are prioritized for regulatory and administrative workload necessary to implement, administer and enforce the Cannabis Act, followed by research and activities related to the legalization of cannabis, and the past effects of its criminalization. Once those priorities have been met, the remaining funds are allocated to youth education, prevention, early intervention, and treatment; environmental restoration; and public-safety related activities. The May Revision estimates \$198.8 million will be available for these purposes and allocates them (for the first time since the passage of Proposition 64) as follows:

- Education, prevention, and treatment of youth substance use disorders and school retention—60 percent (\$119.3 million):
 - \$12 million to the Department of Public Health for cannabis surveillance and education activities.
 - Remaining 75 percent (\$80.5 million) to the Department of Education to subsidize child care for school-aged children of income-eligible families to keep these children occupied and engaged in a safe environment, thus discouraging potential use of cannabis.
 - Remaining 20 percent (\$21.5 million) to the Department of Health Care Services for competitive grants to develop and implement new youth programs in the areas of education, prevention, and treatment of substance use disorders along with preventing harm from substance use.
 - Remaining 5 percent (\$5.3 million) to California Natural Resources Agency to support youth community access grants. These grants will fund programs to support youth access to natural or cultural resources, with a focus on low-income and disadvantaged communities. This includes but is not limited to community education and recreational amenities to support youth substance use prevention and early intervention efforts.
- Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation—20 percent (\$39.8 million):
 - Sixty percent (\$23.9 million) to the Department of Fish and Wildlife, of which \$13.8 million will support clean-up, remediation, and restoration of damage in watersheds affected by illegal cannabis cultivation and \$10.1 million to support enforcement activities aimed at preventing further environmental degradation of public lands.
 - Forty percent (\$15.9 million) to the Department of Parks and Recreation, of which \$7.1 million will be used to survey the impacts and identify unknown areas of cannabis cultivation to assist with prioritizing resources for effective enforcement, \$5.6 million for remediation and restoration of illegal cultivation activities on state park land, and \$3.2 million to make roads and trails accessible for peace officer patrol and program assessment and development.
- Public safety-related activities—20 percent (\$39.8 million):
 - \$2.6 million to the California Highway Patrol for training, research, and policy development related to impaired driving and for administrative support.
 - Remaining 30 percent (\$11.2 million) to the California Highway Patrol's impaired driving and traffic safety grant program for non-profits and local governments authorized in Proposition 64.
 - Remaining 70 percent (\$26.0 million) to the Board of State and Community Corrections for a competitive grant program for local governments that have not banned cannabis cultivation or retail activities that will prioritize various public health and safety programs, including, but not limited to, local partnerships focused on prevention and intervention programs for youth and to support collaborative enforcement efforts aimed at combating illegal cannabis cultivation and sales.

The May Revision also includes \$15 million Cannabis Tax Fund to provide grants to local governments to assist in the creation and administration of equity programs and to support equitable access to the regulated market for individuals through financial and technical assistance. The Governor's Office of Business and Economic Development will administer the grant program on behalf of the Bureau of Cannabis Control.

The May Revision includes statutory language to address technical, clean-up issues related to the California Cannabis Appeals Panel statute, streamline provisional licenses, enhance the equity grant program established in Chapter 794, Statutes of 2018 (SB 1294), strengthen administrative penalties for unlicensed cannabis activity, and extend the existing CEQA exemption.

Transportation and Housing

The May Revision reaffirms the Governor's commitment to the effort, stating, "Housing and transportation are inextricably linked. Given this nexus and to support local jurisdictions' ability to contribute to their fair share of the State's housing supply, the Governor's Budget provided that local streets and roads funds from the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) (SB 1) be distributed upon compliance with housing element law and zoning and entitling to meet updated housing goals. This linkage remains part of the housing proposal at the May Revision."

The Legislature has expressed concern linking SB 1 funds with housing production; this point of contention will need to be resolved in the final budget negotiations.

Public Safety

The May Revision includes a new proposal to provide integrated Substance Use Disorder Treatment programs in State prisons, for a total of \$71.3 million. This will be an important effort to monitor at the County level, since Medically Assistant Treatment (MAT) in correctional facilities (State and local) has not been deployed in any substantial way due to costs; should this effort prove cost-effective in the larger picture, Counties may want to seek inclusion in funding and authorization at the State level to offer this treatment.

The May Revision includes statutory changes to move the Department of Juvenile Justice from the CDCR to a new department under the California Health and Human Services Agency effective July 1, 2020. The new department will be called the Department of Youth and Community Restoration. \$1.2 million is included in the budget for key staff to plan for the transition.

Taxation

The Governor included in the May Revision two proposals that have long been held as top priorities for the Legislative Women's Caucus: a sales tax exemption on diapers and feminine hygiene products. However, the Governor proposed a two-year tax break on these items. The Assembly rejected that two-year window and approved a ten-year exemption instead. This is an item that will have to be resolved in the Conference Committee or final negotiations.