



To: CLEARS

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Subject: **Budget Update – Enacted 2023-24 Budget**

On Tuesday, the Assembly and Senate approved two amended budget bills and more than a dozen trailer bills that reflect the bulk of the budget package negotiated by the Legislature and the Governor. On June 15, the Legislature adopted its budget package to fulfill the constitutional deadline to pass a budget despite there being no final agreement between the Executive and Legislative Branches. Negotiations continued and the agreement came together early this week. There are remaining trailer bills that still require consideration and adoption later this week, but the vast majority of the work on budget items related to public safety has concluded.

The budget includes approximately \$226 billion in General Fund (GF) spending and \$310 billion in total spending. The budget resolves a projected shortfall of \$31.5 billion in the budget year (whereas the January budget estimated a \$22.5 billion deficit) through funding delays, spending cuts, fund shifts, trigger reductions, borrowing, and a withdrawal from the Safety Net Reserve. The spending plan retains \$37.8 billion in total budgetary reserves. Given the economic shortfall, there are fewer new programs and investments adopted than have been in the prior two budgets.

It is important to note that funds for Public Safety Realignment are projected to increase since the adoption of the 2022-23 budget, including subventions to law enforcement agencies. Crucial law enforcement programs like COPS and Rural Sheriffs are funded and there is more than \$433 million predicted to be available for realignment growth funding for law enforcement services for the current year.

REALIGNMENT

Realignment Base Funding

The budget assumes funding for the AB 109 Community Corrections Subaccount of \$1.893 billion for 2022-23 and \$1.958 billion for 2023-24. Additionally, projected funding in the Law Enforcement Activities Account is \$489.9 million for 2022-23 as well as 2023-24 (this base

number is fixed). Finally, projected funding for the Trial Court Security Subaccount is \$637.3 million in 2022-23 and \$645.9 million in 2023-24.

Realignment Growth Funding

The budget anticipates that the growth in the AB 109 Community Corrections Subaccount is \$64.5 million for 2022-23 and \$7.5 million in 2023-24. Additionally, projected growth in the Law Enforcement Activities Account is \$347.3 million for 2022-23 and \$336.8 million for 2023-24. Finally, projected growth for the Trial Court Security Subaccount is \$8.6 million for 2022-23 and \$1 million for 2023-24.

All told, the budget predicts \$433.3 million in growth funding to law enforcement services pursuant to realignment in 2022-23 and \$346.8 million in 2023-24. You will note that these figures are projected (subject to change) and dependent upon the actual collection of sales tax and vehicle license fees. For this reason, growth funds are not actually distributed until the fall after the close of the fiscal year. For example, 2022-23 growth will not actually be paid until October or November of 2023.

LOCAL PUBLIC SAFETY

Law Enforcement Mutual Aid

The 2022-23 budget included \$25 million ongoing to provide local law enforcement support during disasters and emergencies. This funding will reduce local costs, accelerate response time, and provide sustainable participation of all 58 counties within the State Law Enforcement Mutual Aid system by minimizing funding considerations from the decision-making process. The 2023-24 budget preserves this funding.

Officer Wellness Grants

Supporting peace officers' physical, mental, and emotional health is fundamental to creating safer communities and building meaningful relationships. The 2022-23 budget included \$50 million one-time to fund grants intended to improve general officer health and well-being, build resiliency, decrease stress and trauma, and improve community trust and relations. These funds built on \$5 million one-time included in the 2022-23 budget for the Commission on Peace Officer Standards and Training to develop a Law Enforcement Wellness Program to support officers' overall health. The grant allocations have been distributed by the Board of State and Community Corrections to counties and cities to support eligible programs. This funding is not impacted by the negotiated budget.

Grants for Missing and Murdered Indigenous Persons

The 2022 Budget Act provided funding to address public safety on tribal lands by including \$12 million over three years for the Board of State and Community Corrections to establish a competitive grant program to help California tribes identify, collect case-level data, publicize, and investigate and solve cases involving missing Indigenous persons. Those funds are available to provide resources for tribal police and prosecutors, counseling services, education, and other activities. The budget includes an additional investment of \$12 million one-time for these purposes. Indigenous persons experience crime and victimization at disproportionately higher rates

than other populations. California has one of the largest and most diverse Native American populations in the United States.

Gun Buyback Program

The budget allocates \$21 million to the Office of Emergency Services to support competitive gun buyback grant programs structured to reduce firearm violence.

Post-Release Community Supervision

The budget includes \$9.3 million one-time in 2023-24 for county probation departments to supervise the temporary increase in the average daily population of offenders on Post-Release Community Supervision because of the implementation of Proposition 57.

County Probation Departments

The Community Corrections Performance Incentive Grant (SB 678) was created to provide incentives for counties to reduce the number of felony probationers sent to state prison. The budget contains \$123.8 million one-time to support the incentive program.

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR)

The budget includes total funding of \$14.4 billion for the California Department of Corrections and Rehabilitation (CDCR) in 2023-24, including \$3.9 billion for health care services. The average daily adult incarcerated population for 2022-23 is now projected to be 95,560, a decrease of 0.6 percent since the fall 2022 projections. Spring projections indicate the adult incarcerated population will trend downward, decreasing by 2,678 between 2022-23 and 2023-24, from 95,560 to 92,882, respectively. On January 1, 2020, prior to the COVID-19 Pandemic, the CDCR population was 123,977. The population is projected to continue its downward trend, declining to 89,946 in 2025-26. The overall parolee average daily population is projected to be 37,222 in 2023-24. The average daily parolee population is projected to be 39,646 in 2022-23. The parolee population is projected to decline to 36,061 by June 30, 2027.

Prison Capacity and Closures

According to the Administration, the adult prison population has steadily declined in recent years, which has provided opportunities for CDCR to eliminate its reliance on contract prison capacity. CDCR terminated its final remaining contract to house incarcerated persons out-of-state in June 2019, and its final in-state contract community correctional facility in May 2021.

In September 2021, CDCR closed the Deuel Vocational Institution in Tracy, resulting in savings of \$150.3 million annually beginning in 2022-23. Beginning in November 2022, CDCR initiated the closure of a second prison, the California Correctional Center (CCC) in Susanville, which is expected to yield an estimated \$142.8 million in annual ongoing savings. On December 6, 2022, CDCR announced its plan to terminate the lease of the California City Correctional Facility, its last privately-owned prison facility, by March 2024, ending its use as a state prison. CDCR also announced the planned closure of Chuckawalla Valley State Prison (CVSP) in Blythe by March 2025. In addition, to continue the flexibility required to meet the needs of the incarcerated populations, CDCR announced the deactivation of specified facilities within six prisons by the end of 2023. The facilities are located within the California Rehabilitation Center, California

Institution for Men, California Correctional Institution, Pelican Bay State Prison, the California Men's Colony, and the Folsom Women's Facility within Folsom State Prison. In total, CDCR estimates \$150 million in ongoing savings as a result of these facility deactivations.

While the Legislature had adopted a policy to direct CDCR to close five additional prisons, the negotiated budget includes no additional prison closures. However, the budget package does include language expressing the Legislature's intent to close additional prisons, specifically by requiring the administration to produce a preliminary (August 15, 2023) and final (November 15, 2023) assessment of state prison operational and housing requirements to assist the Legislature in making future decisions concerning prison facilities.

San Quentin State Prison

The 2022 Budget Act included \$500,000 and the Governor's Budget included \$20 million to support initial planning efforts for the transformation of San Quentin State Prison. In March 2023, the Administration announced the state's plan to transform San Quentin from a maximum-security prison into a facility focused on improving public safety through rehabilitation and education. The adopted budget includes \$360.6 million for the demolition of Building 38 and construction of a new educational and vocational center. The final recommendations from the Advisory Council will closely inform the scope of the projects, which have planned completion dates of 2025.

Free Voice Calling (SB 1008)

The budget includes an estimated \$5.6 million in 2022-23 and \$28.8 million ongoing to provide individuals incarcerated at CDCR and their friends and family with free voice calling.

Statewide Correctional Video Surveillance

In addition to prior year investments, the budget includes \$87.7 million one-time in 2023-24, and \$14.7 million ongoing, to install fixed cameras at the remaining CDCR institutions.

Facility Improvements

The spending plan includes \$1.5 million in 2023-24 and \$62 million one-time in 2024-25 for the Richard J. Donovan Correctional Facility roof replacement. This is part of a multi-year plan to address aging facility roofs.

Division of Juvenile Justice

Pursuant to previous budget language, the Division of Juvenile Justice (DJJ) will close on June 30, 2023. DJJ ceased intake of new youth on July 1, 2021, with limited exceptions. The DJJ estimates that 150 youth will remain at the time of DJJ's closure. Youth who have not been released from DJJ at the time of closure will be transferred to the county probation department within their county of commitment. The 2022 budget included \$100 million for grants to support improvements to county-operated juvenile facilities to make these locations more conducive to serving justice-involved youth with a wide range of needs, with a focus on supporting trauma-informed care, restorative justice, and rehabilitative programming. The budget reflects a decrease of \$95.8 million ongoing associated with the closure of DJJ.

State Savings from Proposition 47

As part of Proposition 47, the Department of Finance is required to calculate the state savings created by the implementation of the measure. That money is then distributed pursuant to a formula contained in Prop 47 – 25% to the Department of Education to administer a grant program to public agencies to reduce truancy and support students who are at risk of dropping out or are crime victims; 10% to the Victim Compensation and Government Claims Board to make grants to trauma recovery centers; and 65% to the Board of State and Community Corrections (BSCC) to administer a grant program to public agencies aimed at supporting mental health treatment, substance abuse treatment, and diversion programs for people in the criminal justice system. The Department of Finance has estimated that Prop 47 will result in net state savings of \$112.9 million for 2023-24.

HEALTH AND HUMAN SERVICES

Department of State Hospitals

The budget includes \$3.5 billion in 2023-24 to support the Department of State Hospitals (DSH), which administers the state mental hospital system, forensic mental health commitments (sexually violent predators and mentally disordered offenders), and the treatment of other committed patients. The patient population is expected to reach 9,379 by the end of 2023-24, including patients receiving competency treatment in jail-based settings and community-based settings. From January to December 2022, the incompetent to stand trial (IST) population waitlist declined from a high of 1,953 to 1,473 and has been further reduced to 992 at the time of the May Revision.

Opioid and Fentanyl Response

The budget includes an additional \$141.3 million in Opioid Settlements Fund over four years for the Department of Health Care Services to support the Naloxone Distribution Project, for a total of \$220.3 million over four years. Additionally, the budget includes \$30 million one-time Opioid Settlements Fund in 2023-24 to support the development of a lower cost, generic version of a naloxone nasal spray product through the CalRx Naloxone Access Initiative at the Department of Health Care Access and Information. This CalRx partnership will enable the state to make naloxone more accessible statewide.

988 Suicide and Crisis Lifeline

The budget includes \$15 million one-time 988 State Suicide and Behavioral Health Crisis Services Fund in 2023-24 to support eligible 988 call center behavioral health crisis services.

JUDICIAL BRANCH

The budget includes \$5 billion in 2023-24 for the Judicial Branch. \$2.9 billion of this total is allocated for trial court operations.

Court Security Funding

The budget continues to include \$10 million to fund supplemental court security needs created by the opening of newly constructed courthouses. This is ongoing funding that addresses court security needs created by capital court projects and is in addition to the dedicated court security funding that comes from Realignment.

Courthouse Construction

The budget includes \$172.2 million in 2023-24 to fund two new projects and continue the next phase of previously approved projects:

- New Projects:
 - Nevada County – New Nevada City Courthouse – \$8.1 million for Acquisition
 - Santa Clara County – Court of Appeal, New Sixth Appellate District Courthouse – \$2.8 million for Performance Criteria
- Additional Funding for Previously Approved Projects:
 - Monterey County – New Fort Ord Courthouse – \$153 million for Design-Build
 - San Bernardino County – Juvenile Dependency Courthouse Addition and Renovation – \$8.3 million for Construction

State Court Facilities Construction Fund Backfill

To backfill a projected shortfall in the State Court Facilities Construction Fund and to maintain existing service levels, the budget includes \$55.5 million in 2023-24, \$175.5 million in 2024-25, and \$174.5 million ongoing.

CARE Courts

The budget provides \$55.5 million to implement the CARE Act, which includes costs for Los Angeles County's early implementation and doubling the hours of legal services for participants from 20 hours to 40 hours, growing to \$133 million ongoing beginning in 2025-26, and requires quarterly reporting from the first cohort of counties that are funded.

DEPARTMENT OF JUSTICE

Police Use of Force Investigations

AB 1506 requires a state prosecutor to investigate incidents of an officer-involved shooting resulting in the death of an unarmed civilian and makes the Attorney General the state prosecutor unless otherwise specified or named. The 2022 budget included \$2.3 million in 2022-23, and \$1.6 million ongoing, to investigate qualifying incidents. The 2023-24 budget includes \$1.8 million ongoing to establish the Police Practices Division to review the use of deadly force policies and make best practice recommendations pursuant to AB 1506.

Bureau of Forensic Services

The budget includes \$53.4 million ongoing to continue backfilling a decline in fine and fee revenue to the DNA Identification Fund. This is necessary to maintain current service levels related to processing forensic evidence, such as DNA, for local jurisdictions.

Missing Persons DNA Program Backfill

The negotiated budget rejects a proposed fee increase on death certificates to maintain the Missing Persons DNA Program and instead provides \$1.46 million General Fund backfill for three years.

Firearms

The budget includes the following adjustments related to DOJ's implementation of firearms legislation:

- \$2.8 million in 2023-24, \$2.5 million in 2024-25, and \$1.2 million ongoing, to regulate the sale, transfer, possession, and manufacturing of unserialized firearm precursor parts.
- \$797,000 in 2023-24, and \$738,000 ongoing, to conduct firearms dealer inspections at least once every three years and increase audit sampling amounts during inspections.
- \$648,000 in 2023-24, and \$631,000 ongoing, to provide legal guidance, expert testimony, and support general research and analytic workload in civil lawsuits pertaining to firearms.
- \$177,000 in 2023-24, and \$164,000 in 2024-25, to promulgate regulations and update existing procedures for operating a firearm dealer business.
- \$408,000 in 2023-24, decreasing to \$191,000 ongoing, to address increased gun show enforcement and related reporting requirements.
- \$911,000 one-time to address increased workload to process firearm manufacturer applications and make changes to the Unique Serial Number Application process.

Carry Concealed Weapon Permits

The budget includes \$5 million in 2023-24 and \$3.2 million in 2024-25 to process additional carry concealed weapon permit applications. A recent federal court ruling (*Bruen*) has resulted in an increase in the number of carry concealed weapon permits that are processed by DOJ.

Ammunition Authorization Program Fee Increase

The budget includes statutory changes to provide DOJ with authority to adjust the Ammunition Authorization Program fee to align with the reasonable costs for regulating ammunition transactions in California. This proposal also includes a loan of \$4.3 million General Fund to the Ammunition Safety and Enforcement Special Fund in 2023-24 and 2024-25 to support operating costs while DOJ updates the fee.

Firearms Information Technology System Modernization Project

The budget includes \$7.5 million in 2023-24 and \$2.6 million ongoing to continue the Project Approval Lifecycle process and address ongoing workload pertaining to the Firearms Information Technology System Modernization Project.

Litigation Deposit Fund Loan

The budget includes a \$400 million budgetary loan from the Litigation Deposit Fund to the General Fund in 2023-24 to assist in closing the projected statewide budgetary shortfall and to ensure the submission of a balanced budget plan. This proposal also includes statutory changes to authorize this budgetary loan from idle resources not required for currently projected operational or programmatic purposes.

OTHER ITEMS

CSU Chico Human Identification Laboratory

The budget includes an increase of \$3.1 million ongoing to support the construction of the Human Identification Laboratory (HIL) at the CSU Chico campus through the issuance of CSU bonds. CSSA has been supportive of this funding given the work done by the HIL relative to their search, recovery, and analysis of human remains tied to criminal and missing person cases.

Office of Emergency Services

The budget includes \$28.7 million and 17 positions across various departments to maintain and enhance the capabilities of the California Cybersecurity Integration Center (Cal-CSIC). The Cal-CSIC was established as a partnership between Cal OES, the California Military Department, California Department of Technology, and the California Highway Patrol and serves as the central organizing hub of state government's cybersecurity preparedness and response activities and coordinates cyber intelligence and information sharing with local, state, and federal agencies; tribal governments; utilities and other service providers; academic institutions; and nongovernmental organizations. These resources will allow the Cal-CSIC to lead state efforts to identify and mitigate current and ever-evolving cyber threats, including providing enhanced (1) threat detection, assessment, and research; (2) gap testing and remediation; and (3) incident analysis and response.

CHP Body-Worn Cameras

The budget includes \$9.8 million for the CHP to implement a statewide body-worn camera program. Building on a pilot program in the Oakland and Stockton areas, the budget asserts the statewide body-worn camera program will enhance public safety transparency and accountability and have a substantial positive impact on the successful prosecution of crimes.

Cannabis

Proposition 64 specified the allocation of resources in the Cannabis Tax Fund, which are continuously appropriated. 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 these priorities have been met, the remaining funds are allocated to: (1) youth education, prevention, early intervention, and treatment; (2) environmental protection; and (3) public safety-related activities. The law requires that these programs be funded at a baseline of approximately \$670 million, to the extent available, and included a \$150 million General Fund appropriation to backfill revenues to help meet that baseline. The budget estimates \$567.4 million will be available for these purposes in 2023-24, which includes \$150 million General Fund to backfill the estimated decline in revenues. These figures reflect a total decrease of \$102.2 million compared to the Governor's Budget estimate:

- Education, prevention, and treatment of youth substance use disorders and school retention: 60 percent (\$340.4 million).
- Clean-up, remediation, and enforcement of environmental impacts created by illegal cannabis cultivation: 20 percent (\$113.5 million).
- Public safety-related activities: 20 percent (\$113.5 million).