

March 5, 2015

# 2015-16 Budget Overview of Natural Resources Agency And Departments

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L E G I S L A T I V E   A N A L Y S T ' S   O F F I C E

Presented to:

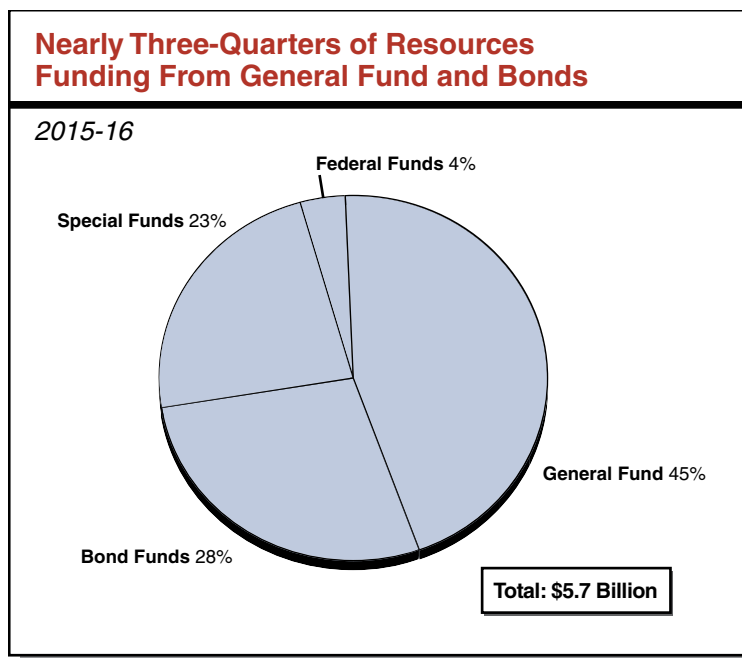
Senate Budget and Fiscal Review Subcommittee No. 2 on

Resources, Environmental Protection, Energy, and Transportation

Hon. Lois Wolk, Chair



## Funding Sources



- The Governor’s budget proposes a total of \$5.7 billion in 2015-16 for natural resources programs. (This total does not include certain “off-budget” funds.) Almost three-quarters of this spending would be from the General Fund and various bond funds.
- This funding supports the California Natural Resources Agency, as well as 26 departments, boards, commissions, and conservancies that report to the agency.



## Three-Year Budget Summary

Agency	2013-14	2014-15	2015-16 <sup>a</sup>	Change From 2014-15	
				Amount	Percent
<b>Natural Resources</b>					
General Fund	\$2,177	\$2,497	\$2,561	\$64	3%
Bond funds	953	2,477	1,608	-870	-35
Special and federal funds	1,044	2,043	1,559	-484	-24
<b>Totals</b>	<b>\$4,175</b>	<b>\$7,017</b>	<b>\$5,727</b>	<b>-\$1,290</b>	<b>-18%</b>

<sup>a</sup> Does not include General Fund proposed in Control Section 6.10 for deferred maintenance projects at the Department of Parks and Recreation (\$20 million) and Department of Forestry and Fire Protection (\$2 million).

- The Governor's proposed funding level in 2015-16 represents a decrease of \$1.3 billion (18 percent) compared to estimated expenditures in 2014-15.
- General Fund spending is proposed to increase by \$64 million (3 percent). This reflects a variety of changes, including increased spending on debt service.
- Bond funds are proposed to decrease by \$870 million (35 percent). However, much of this decrease is a product of how bond funds are accounted for in the budget, making year-over-year comparisons difficult.
- Spending from special funds is proposed to decrease by \$484 million (24 percent). Most of this is for the Electric Program Investment Charge Fund and Alternative and Renewable Fuel and Vehicle Technology Fund, which are proposed to decrease by a combined \$309 million, largely reflecting carryover of prior-year funds in 2014-15.



## Major Resources Department Budget Summaries

<b>Major Resources Budget Summary—Selected Funding Sources</b>					
<i>(Dollars in Millions)</i>					
<b>Department</b>	<b>Actual 2013-14</b>	<b>Estimated 2014-15</b>	<b>Proposed 2015-16</b>	<b>Change From 2014-15</b>	
				<b>Amount</b>	<b>Percent</b>
<b>Water Resources</b>					
General Fund	\$96.7	\$124.5	\$83.2	-\$41.3	-33.2%
State Water Project funds	822.3	1,916.4	1,916.0	-0.4	—
Bond funds	701.5	2,041.3	1,303.6	-737.7	-36.1
Electric Power Fund	881.2	958.0	961.6	3.6	0.4
Other funds	52.3	147.2	138.1	-9.1	-6.2
<b>Totals</b>	<b>\$2,554.0</b>	<b>\$5,187.4</b>	<b>\$4,402.5</b>	<b>-\$784.9</b>	<b>-15.1%</b>
<b>Forestry and Fire Protection</b>					
General Fund	\$773.1	\$1,077.6	\$1,086.6	\$9.1	0.8%
Reimbursements	376.6	436.8	447.5	10.7	2.4
Other funds	103.5	256.6	237.0	-19.7	-7.7
<b>Totals</b>	<b>\$1,253.2</b>	<b>\$1,771.0</b>	<b>\$1,771.1</b>	<b>\$0.1</b>	<b>—</b>
<b>Parks and Recreation</b>					
General Fund	\$117.6	\$121.4	\$115.9	-\$5.5	-4.5%
Parks and Recreation Fund	136.5	173.2	176.5	3.3	1.9
Off-Highway Vehicle Trust Fund	82.8	160.1	92.5	-67.6	-42.2
Bond funds	114.2	108.4	22.5	-85.9	-79.2
Other funds	144.4	217.1	178.2	-38.9	-17.9
<b>Totals</b>	<b>\$595.5</b>	<b>\$780.2</b>	<b>\$585.6</b>	<b>-\$194.6</b>	<b>-24.9%</b>
<b>Fish and Wildlife</b>					
General Fund	\$65.8	\$97.2	\$80.9	-\$16.3	-16.8%
Fish and Game Fund	102.8	123.2	133.3	10.1	8.2
Bond funds	21.8	76.4	53.7	-22.7	-29.7
Other funds	167.3	253.8	250.0	-3.8	-1.5
<b>Totals</b>	<b>\$357.7</b>	<b>\$550.6</b>	<b>\$517.9</b>	<b>-\$32.7</b>	<b>-5.9%</b>
<b>Energy Commission</b>					
Electric Program Investment Charge	\$5.3	\$373.9	\$128.5	-\$245.4	-65.6%
ARFVTF	101.2	172.9	109.1	-63.8	-36.9
Other funds	135.6	239.3	185.6	-53.7	-22.4
<b>Totals</b>	<b>\$242.1</b>	<b>\$786.1</b>	<b>\$423.2</b>	<b>-\$362.9</b>	<b>-46.2%</b>

ARFVTF = Alternative and Renewable Fuel and Vehicle Technology Fund.



## Other Important Proposals for Legislative Review

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- Water Policies a Major Focus of Governor's Budget.*** The budget includes several significant water policy proposals.

  - **Proposition 1E of 2006 (Flood Protection).** The budget includes \$1.1 billion to spend the remainder of funds provided by voters for various flood protection activities. The Governor requests ten-year appropriation authority and flexibility to shift funds among categories of spending.
  - **Proposition 1 of 2014 (Water Bond).** The budget includes \$266 million for resources departments (\$533 million total) to implement the first water bond appropriations. Activities proposed for funding in 2015-16 include watershed protection and restoration, desalination projects, and groundwater sustainability plans and projects.
  - **Drought Funding.** The budget proposes \$88 million for resources departments (\$115 total)—mostly from the General Fund—for a range of activities designed to reduce the impacts of the current drought. This includes funding for fire protection and protection of vulnerable fish and wildlife.
  
- Cap-and-Trade Auction Revenues.*** Estimated to be \$650 million in 2014-15 and \$1 billion in 2015-16, but likely to be significantly higher. Some of the higher revenues would be continuously appropriated, while the remainder would be available for appropriation by the Legislature. Under the Governor's budget plan, \$87 million would be provided to state and local resources programs in 2015-16.
  
- Insolvent Funds.*** The budget includes proposals to address shortfalls in special funds, including the Environmental License Plate Fund and three special funds used to support surface mining regulation in the Department of Conservation.



## Other Important Proposals for Legislative Review *(Continued)*

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- CalFire Helicopters.*** The Department of Forestry and Fire Protection (CalFire) requests budget language stating that it shall proceed with its procurement effort to replace its helicopter fleet. This procurement could cost hundreds of millions of dollars from the General Fund, but the department has not yet provided the Legislature with important information regarding the full costs, schedule, or specifications.
  
- Deferred Maintenance.*** The budget includes Control Section 6.10, which provides General Fund resources to address deferred maintenance backlogs in various state departments. This includes \$22 million for deferred maintenance projects at the Department of Parks and Recreation and CalFire.