

CALFED Bay-Delta Program: 2003-04 Budget Proposal Issues for Legislative Consideration

LEGISLATIVE ANALYST'S OFFICE

Presented To:

Assembly Water, Parks and Wildlife Committee

Hon. Joe Canciamilla, Chair

Assembly Budget Subcommittee No. 3

Hon. Fran Pavley, Chair





CALFED Bay-Delta Program: 2003-04 Budget Proposal

- The Governor proposes \$496.6 million in state funds for CALFED-related programs in 2003-04, of which \$18.2 million is from the General Fund and the balance is mainly from bond funds. The largest expenditures are for ecosystem restoration and water use efficiency.

Figure 1	
Proposed Expenditures By Program Element^a	
<i>2003-04 (In Millions)</i>	
Ecosystem restoration	\$136.5
Environmental Water Account	35.9
Water use efficiency	94.6
Water transfers	0.6
Watershed management	30.0
Drinking water quality	5.6
Levees	22.2
Water storage	31.1
Water conveyance	31.8
Science	23.3
Water supply reliability ^b	76.2
CALFED program management	8.8
Total CALFED Expenditures	\$496.6
^a State funds only. ^b Could include conveyance, water storage, water use efficiency, water transfers, and Environmental Water Account expenditures.	



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Figure 2	
Proposed Expenditures By Fund Source	
<i>2003-04 (In Millions)</i>	
Proposition 50	\$329.4
Proposition 13	62.5
Proposition 204	50.1
General Fund	18.2
Other state funds ^a	36.4
Total	\$496.6

^a Mainly State Water Project funds.

Figure 3	
Proposed Expenditures By Department^a	
<i>2003-04 (In Millions)</i>	
Department of Water Resources	\$276.1
California Bay-Delta Authority	170.6
State Water Resources Control Board	45.4
Department of Fish and Game	4.1
Department of Forestry and Fire Protection	0.2
Department of Conservation	0.1
San Francisco Bay Conservation and Development Commission	0.1
Total	\$496.6

^a State funds only.



CALFED Bay-Delta Program: State Versus Federal Funding

- The figure below shows state and federal funding for CALFED since 2000-01 (year one under the Record of Decision).

Figure 4
CALFED
State Versus Federal Funding

(In Millions)

Fiscal Year	State Contribution	Federal Contribution
2000-01	\$382.0	\$59.7
2001-02	402.2	119.6
2002-03	496.4	67.9
2003-04	496.6	— ^a
Totals	\$1,777.2	\$247.2

^a Unknown at this time.



CALFED Bay-Delta Program: Issues for Legislative Consideration

- Recommend joint policy/budget committee hearings to evaluate the CALFED budget proposal as a package.**
 - Legislature should be informed of policy choices and funding priorities inherent in budget proposal.

- Need to evaluate eligibility and appropriateness of using bond funds for proposed expenditures.**
 - The CALFED budget proposal reflects a funding shift of \$37.3 million from the General Fund to Proposition 50 bond funds, and overall includes \$442 million of bond-funded expenditures.

- Need to consider whether the CALFED budget proposal follows the Legislature's direction in the CALFED governance legislation—Chapter 812, Statutes of 2002 (SB 1653, Costa).**



CALFED Bay-Delta Program: Issues for Legislative Consideration (Continued)



Federal funding for CALFED continues to be highly uncertain.

- The 2003-04 budget assumes \$33.6 million in federal reimbursements will be received by the state. While the 2002-03 budget assumed \$55 million in federal reimbursements, it appears that only \$900,000 will actually be received by the state. Additionally, federal direct spending for CALFED for the upcoming fiscal year is not yet determined, but could be in the \$15 million to \$30 million range.



Legislature should “sign off” on, and provide parameters for, certain components of the CALFED program that raise policy issues—including the Environmental Water Account.



There is not yet a long-term financing plan for CALFED.

- In particular, how will the major water storage projects currently in the planning stage be funded?