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# Proposed Proposition 4 Spending Plan

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PRESENTED TO:

Senate Budget and Fiscal Review Subcommittee  
No. 2 on Resources, Environmental Protection and  
Energy  
Hon. Benjamin Allen, Chair



LEGISLATIVE ANALYST'S OFFICE

# Governor Proposes Multiyear Proposition 4 Spending Plan

## Governor's Proposition 4 Proposal: Multiyear Spending Plan

(In Millions)

| Purpose   | Bond Total      | 2025-26        | 2026-27        | 2027-28        | 2028-29<br>Through<br>2039-40 | Pending      |
|---|-----------------|----------------|----------------|----------------|-------------------------------|--------------|
| Safe Drinking Water, Drought, Flood, and Water  | \$3,800         | \$1,074        | \$972          | \$819          | \$925                         | \$10         |
| Wildfire and Forest Resilience                  | 1,500           | 325            | 376            | 214            | 496                           | 89           |
| Coastal Resilience                              | 1,200           | 173            | 129            | 190            | 708                           | —            |
| Biodiversity and Nature-Based Climate Solutions | 1,200           | 286            | 136            | 165            | 512                           | 101          |
| Clean Energy                                    | 850             | 275            | 229            | 3              | 21                            | 323          |
| Park Creation and Outdoor Access                | 700             | 286            | 117            | 42             | 23                            | 231          |
| Extreme Heat Mitigation                         | 450             | 102            | 172            | 152            | 24                            | —            |
| Climate Smart Agriculture                       | 300             | 134            | 84             | 15             | 7                             | 60           |
| <b>Totals</b>                                   | <b>\$10,000</b> | <b>\$2,655</b> | <b>\$2,215</b> | <b>\$1,600</b> | <b>\$2,716</b>                | <b>\$814</b> |

- Includes \$2.7 billion in 2025-26, about one-quarter of bond total.
- Proposed time line for appropriations varies by bond category and program.
- Proposes budget trailer bill language to exempt spending from the Administrative Procedure Act (APA).



## Plan for Some Programs Still Pending

### Governor's Proposition 4 Proposal: Pending Allocations

(In Millions)

| Purpose  | Implementing Department    | Bond Category        | Amount       |
|--|----------------------------|----------------------|--------------|
| Salton Sea Conservancy or Salton Sea Authority   | TBD                        | Water                | \$10         |
| Watershed improvement, forest health, biomass utilization, chaparral and forest restoration, and workforce development | Wildfire Conservancy       | Wildfire             | 15           |
|  | California Fire Foundation | Wildfire             | 15           |
| Fire ignition detection technology   | CalFire                    | Wildfire             | 25           |
| Reducing risk from electricity transmission  | TBD                        | Wildfire             | 35           |
| San Andreas Corridor Program   | WCB                        | Biodiversity and NBS | 79           |
| Southern Ballona Creek Watershed   | WCB                        | Biodiversity and NBS | 22           |
| Public financing of transmission projects  | TBD                        | Clean Energy         | 323          |
| Reducing climate impacts on disadvantaged communities and expanding outdoor recreation                                 | CNRA/CDFW                  | Parks and Access     | 139          |
| Enhancing natural resource values, expanding trail access  | CNRA/Others TBD            | Parks and Access     | 92           |
| Increasing land access and tenure  | DOC                        | Agriculture          | 30           |
| Deployment of vanpool vehicles and related facilities  | CalVANS                    | Agriculture          | 15           |
| Research farms at postsecondary education institutions   | CDE                        | Agriculture          | 15           |
| <b>Total</b>   |                            |                      | <b>\$814</b> |

TBD = to be determined; CalFire = California Department of Forestry and Fire Protection; WCB = Wildlife Conservation Board; NBS = nature-based solutions; CNRA = California Natural Resources Agency; CDFW = California Department of Fish and Wildlife; DOC = Department of Conservation; CalVANS = California Vanpool Authority; and CDE = California Department of Education.

- The administration has noted a few reasons for waiting to provide implementation plans for these programs, including forthcoming information and a desire to work with the Legislature to understand intent and to design program details.
- The administration also indicates it is still assessing staffing needs at departments and plans to propose administrative expenditures from the bond and associated personnel later this spring.



## Shifts Some Prior Spending to Proposition 4

### Governor Proposes Shifting Some Prior Spending Commitments to Proposition 4

Shifts from General Fund Unless Otherwise Noted (In Millions)

| Purpose  | Implementing Department | Amount            |
|--|-------------------------|-------------------|
| <b>Safe Drinking Water, Drought, Flood, and Water Resilience</b> |                         |                   |
| Water recycling  | SWRCB                   | \$51              |
| Dam safety   | DWR                     | 47                |
| Systemwide flood risk reduction                                  | DWR                     | 15                |
| <b>Wildfire and Forest Resilience</b>                            |                         |                   |
| Stewardship of state-owned land                                  | Parks                   | \$68              |
| Home hardening   | CalOES                  | 13                |
| <b>Extreme Heat Mitigation</b>                                   |                         |                   |
| Community Resilience and Heat Program                            | LCI                     | \$15              |
| <b>Biodiversity and Nature-Based Climate Solutions</b>           |                         |                   |
| Watershed climate resilience                                     | WCB                     | \$32              |
| <b>Park Creation and Outdoor Access</b>                          |                         |                   |
| Deferred maintenance   | Parks                   | \$14              |
| <b>Clean Energy</b>  |                         |                   |
| Demand-Side Grid Support Program                                 | CEC                     | \$50 <sup>a</sup> |
| <b>Total</b>   |                         | <b>\$305</b>      |

<sup>a</sup> Shifts support from the General Fund and Greenhouse Gas Reduction Fund to Proposition 4. These fund shifts would provide \$50 million of previously unallocated Clean Energy Reliability Investment Plan funds to Demand Side Grid Support Program.

SWRCB = State Water Resources Control Board; DWR = Department of Water Resources; Parks = Department of Parks and Recreation; CalOES = California Governor's Office of Emergency Services; LCI = Governor's Office of Land Use and Climate Innovation; WCB = Wildlife Conservation Board; and CEC = California Energy Commission.

- Proposal would shift \$305 million in previously appropriated funding to Proposition 4 funds—\$273 million from the General Fund and \$32 million from the Greenhouse Gas Reduction Fund (GGRF).
- This proposal has three key effects: it (1) maintains previously planned amounts for existing activities, (2) frees up General Fund and GGRF resources to support other budget activities proposed by the administration, and (3) precludes this amount of Proposition 4 funds from being used to expand or enhance upon previously planned activities.



## LAO Comments

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- **Legislature Crafted Proposition 4 Bond Measure to Reflect Its Funding Priorities**
- **Proposed Plan Has Several Merits**
- **Proposed Multiyear Approach Has Important Trade-Offs and Might Not Be Suitable for All Categories of Spending**
- **Proposal Reflects the Administration's Preferences for How to Target Spending**
- **Even for Established Programs, Oversight Will Be Important**
- **Proposed Proposition 4 Spending Plan's Alignment With Specific Climate Goals Not Fully Clear**
- **Fund Shifts to Proposition 4 Reflect Administration's Priorities, but Legislature's May Differ**
- **APA Exemption Seems Reasonable, Though Legislature Could Add Measures to Increase Transparency**



## Recommendations

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- **Ensure Spending Plan Reflects Legislative Priorities**
- **Tailor Approach to Differentiate Between Already Established and Less Well-Defined Programs**
- **Consider Clarifying Spending Guidance in Statute, Particularly When Multiple Options Are Allowed**
- **Consider Enhanced Reporting to Track Progress Toward Most Important Proposition 4 Climate Goals**
- **Weigh Fund Shifts in Light of Overall Budget and Legislative Priorities**
- **Approve APA Exemption, but Consider Adding Transparency Requirements for Program Development Processes**

