

The 2026-27 Budget: **Proposition 4 Spending Plan**

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SUMMARY

Governor's Budget Proposes \$2.1 Billion in Proposition 4 Bond Funding in 2026-27. The Governor's budget proposes appropriating \$2.1 billion (about 21 percent of the total authorized by Proposition 4) in 2026-27. Unlike the Governor's initial 2025-26 proposal, in general, the budget does not propose a multiyear spending plan for Proposition 4; the administration indicates that—in response to feedback from the Legislature—it instead will submit programmatic bond funding proposals on a year-by-year basis. The administration also proposes a new budget control section aimed at reducing the administrative burdens associated with implementing large-scale or state-administered Proposition 4-funded projects.

Overall, Proposed Plan Seems Reasonable and Consistent With Bond Requirements. Based on our review, the Governor's proposal appears reasonable. We have not identified any proposed actions or appropriations that conflict with bond requirements, and the timing of the funding allocations generally seems to account for and align with what we know about department capacity and local demand. Also, by proposing only one year of project funding at a time—rather than a multiyear spending plan—the Governor gives the Legislature more opportunities to review and weigh in on proposed bond funding and implementation on an annual basis. In addition, we find the administration's proposed control section to be reasonable, although the Legislature might benefit from receiving summary information about the degree to which the provisions are used.

Legislature Could Consider Clarifying Spending Guidance for New Programs and Activities. The Governor's budget proposes providing Proposition 4 spending for several new programs and activities in 2026-27. While the Legislature did approve some funding for a few of these activities in 2025-26, notable discretion remains around how specifically the funds can and will be used. As such, these proposed appropriations represent a key opportunity for the Legislature to articulate its priorities and provide guidance about how specifically these funds will be spent, to the degree it has any. Absent such guidance, the Legislature is essentially deferring to the administration to make spending decisions. While none of the administration's proposed activities raised specific concerns for us through our review, approving or modifying these proposals represents the Legislature's opportunity to confirm and express its intent and priorities—which could differ from what the Governor is proposing.

INTRODUCTION

In July 2024, the Legislature approved Chapter 83 (SB 867, Allen), authorizing a \$10 billion bond measure entitled the “Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024.” Largely designed to increase the state’s resilience to the impacts of climate change, the measure was placed on the statewide ballot as Proposition 4 and subsequently approved by voters in November 2024. This bond measure builds on significant funding for climate-related programs—principally from the General Fund—the state has made in recent years.

This brief begins with background on Proposition 4, including a description of the first year of implementation funding authorized by the 2025-26 budget package. It then provides an overview of the Governor’s proposed 2026-27

spending and overarching comments on the Governor’s proposal. In subsequent sections, we walk through how the Governor proposes to allocate and implement funding within the bond’s eight spending categories, which are:

- Safe Drinking Water, Drought, Flood, and Water Resilience.
- Wildfire and Forest Resilience.
- Coastal Resilience.
- Biodiversity and Nature-Based Climate Solutions.
- Clean Energy.
- Park Creation and Outdoor Access.
- Extreme Heat Mitigation.
- Climate Smart Agriculture.

BACKGROUND

Proposition 4 Authorizes \$10 Billion in General Obligation Bonds for Climate-Related Activities. Proposition 4 authorizes the state to sell a total of \$10 billion in general obligation bonds primarily for climate-resilience purposes, including related to water, wildfire, and energy, among others. The bond measure includes a number of requirements to guide how funds are administered and overseen by about 30 different state agencies, departments, boards, commissions, conservancies, and offices. Much of the funding is to be awarded through competitive grants to eligible applicants including local agencies, nonprofit organizations, tribes, and utilities. Remaining funding will support state-led activities, such as deferred maintenance and wildfire resilience activities at state parks and projects at the Salton Sea. In addition, some key provisions apply to all programs and projects:

- At least 40 percent of total funds must go to projects that benefit vulnerable populations or disadvantaged communities and at least 10 percent of total funds must go to projects that benefit severely disadvantaged communities. (Bond language

specifies the criteria for communities to meet those definitions.)

- Funds must be prioritized for projects that leverage private, federal, or local funding or provide the greatest public benefit.
- On an annual basis, the California Natural Resources Agency (CNRA) must report information about projects’ objectives; status; anticipated outcomes; expected public benefits; and other basic information such as location, cost, and matching funds.

Legislature Appropriated \$3.5 Billion in Bond Funding for First Year of Implementation.

The 2025-26 budget package authorized the state to spend \$3.5 billion, or slightly more than one-third, of the \$10 billion total. This amount was approved via three different 2025 budget actions: (1) \$181 million provided through Chapter 2 of 2025 (AB 100, Gabriel) (these funds were available for departments to spend during the final few months of 2024-25), (2) \$2.9 million through Chapter 5 of 2025 (AB 102, Gabriel), and (3) \$3.3 billion through Chapter 104 of 2025 (SB 105, Wiener).

The budget package also authorized nearly 80 new positions across 12 departments to administer Proposition 4-funded programs. Trailer bill language adopted in Chapter 106 of 2025 (AB 149, Committee on Budget) also allowed state agencies

and departments to use the emergency rulemaking process under the Administrative Procedure Act to develop and adopt their bond program guidelines and selection criteria.

GOVERNOR'S PROPOSAL

Provides \$2.1 Billion in 2026-27. As shown in **Figure 1**, the Governor proposes appropriating \$2.1 billion (about 21 percent of the total authorized by Proposition 4) in 2026-27, including \$792 million for water-related programs and \$326 million for clean energy programs. The proposal also includes funding for 14 new positions at three departments—eight at the California Department of Fish and Wildlife (CDFW), five at the State Coastal Conservancy (SCC), and one at the Sierra Nevada Conservancy—to support the administration of their bond programs. Unlike the Governor's initial 2025-26 proposal, in general, the budget does not propose a multiyear spending plan for Proposition 4; the administration indicates that—in response to feedback from the Legislature—it instead will submit programmatic bond funding proposals on a year-by-year basis. (The exception to this approach is that the proposal includes small amounts of state operations—or “program

delivery”—funding scheduled for appropriation in future fiscal years to enable departments to hire and plan for program administration and oversight activities.) As illustrated in the figure, the share of remaining funding the Governor proposes appropriating in 2026-27 varies across each of the individual bond categories. For example, the proposal includes 71 percent of the total remaining amount for extreme heat mitigation and a comparatively much lower 12 percent of the total remaining amount for coastal resilience.

Proposes Budget Language Intended to Facilitate Large-Scale Projects and Reduce Administrative Burdens. The administration proposes a new budget control section with two primary provisions aimed at reducing the administrative burdens associated with implementing large-scale or state-administered Proposition 4-funded projects.

Figure 1

Governor's Proposition 4 Proposal: 2026-27 Spending Plan

(In Millions)

Category	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Safe Drinking Water, Drought, Flood, and Water Resilience	\$3,800	\$1,199	\$792	\$1,809
Wildfire and Forest Resilience	1,500	598 ^b	314	588
Coastal Resilience	1,200	279	107	814
Biodiversity and Nature-Based Climate Solutions	1,200	390	199	611
Clean Energy	850	275	326	249
Park Creation and Outdoor Access	700	466	35	199
Extreme Heat Mitigation	450	110	241	99
Climate Smart Agriculture	300	153	89	58
Totals	\$10,000	\$3,470	\$2,103	\$4,427

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will be \$75 million in total for all chapters of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

^b \$181 million of this amount was provided through Chapter 2 of 2025 (AB 100, Gabriel) and was available for administering departments to expend beginning in April 2025.

Note: Numbers may not add up due to rounding.

- ***Allows State Departments to Consolidate Multiple Proposition 4 Grant Program Funds for Landscape-Level Projects.***

The proposed control section would allow state departments that each administer different Proposition 4 grant programs to jointly fund projects at a landscape and/or multi-jurisdictional scale and consolidate funding, administration, and oversight under one lead department. Under the proposed language, participating departments would identify an applicable project; select a lead department; and enter into agreements that, among other details, would estimate the total amount of funding needed for the project and the Proposition 4 contribution from each entity. The lead department would notify the Department of Finance (DOF) once all of the agreements are finalized and, if it approves the arrangement, DOF would transfer budget

spending authority from the participating departments to the lead department. The lead department would then work directly with the grantee to complete the project with the consolidated funding, including ensuring compliance with bond requirements.

- ***Streamlines Inter-Department Grant Process for State-Administered Projects.***

In some cases, one state department might apply for and be awarded a Proposition 4 grant from a different state department to undertake a project. To help avoid delays and cash flow constraints that may arise from this process, the proposed control section would permit DOF to transfer the spending authority directly to the receiving department, rather than that department needing to “front” the money from its own budget and then request and wait for reimbursement.

LAO OVERARCHING COMMENTS

Overall, Proposed Plan Seems Reasonable and Consistent With Bond Requirements.

Based on our review, the Governor’s proposed 2026-27 spending plan for Proposition 4 appears reasonable. We have not identified any proposed actions or appropriations that conflict with bond requirements, and the timing of the funding allocations generally seems to account for and align with what we know about department capacity and local demand. The administration provided reasonable workload justification for the new requested positions. Also, by proposing only one year of project funding at a time—rather than a multiyear spending plan—the Governor gives the Legislature more opportunities to review and weigh in on proposed bond funding and implementation on an annual basis.

Previously Approved Funding Remains Largely Unspent Thus Far. The administration has indicated that a relatively small amount of Proposition 4 funding has been spent so far in 2025-26, due to several reasons. For example, many departments still are working through the emergency rulemaking process to develop their

grant programs, as we discuss in the paragraph below. Additionally, some departments with bond funding to implement state-level projects such as deferred maintenance are assessing and prioritizing their projects before committing funding. Some departments also are trying to align their existing programs (that are supported with other funds) with their new bond programs to avoid duplication. Other departments are working through more routine administrative tasks associated with distributing the funding, such as procurement and contract negotiations. The Legislature could consider using the budget subcommittee process to better understand these issues and, to the extent steps could be taken to avoid some of these delays, explore how best to help departments address them.

Many Programs Working Through Emergency Rulemaking Process. Departments continue to work through the emergency rulemaking process authorized by AB 149, with at least four department emergency regulation packages for bond programs already approved and two others currently under review. However, most departments were new to

the emergency rulemaking process and required some assistance and training to get it underway. (Previous natural resources bonds included language exempting bond-funded programs from needing to develop regulations through either the emergency or traditional process.) For example, CNRA published guidance documents in September 2025 to help departments understand the bond's implementation requirements and provide them with best practices. CNRA then worked with the Office of Administrative Law (OAL) to provide departments with training on the emergency rulemaking process and to create a template for some grant programs. OAL also needed additional time to review some grant program regulations due to a lack of familiarity with departments' existing program guidelines and processes. Once departments submit their proposed regulations to OAL and receive approval, they generally expect to be able to use those documents for the duration of the program. (Any future changes to the program, however, would require revision and resubmission of the regulations.) While the emergency rulemaking process for many programs remains ongoing, the Legislature also is in the process of considering AB 35 (Alvarez) which would exempt Proposition 4 bond programs from the need to adopt regulations and instead require administering departments to submit their proposed guidelines and processes to CNRA.

For New Programs, Legislature Could Consider Clarifying Spending Guidance in Statute. The Legislature designed Proposition 4 such that most of the funding will be allocated through preexisting programs. However, a few instances exist where the bond language allows for more discretion around exactly how funds will be used. These include categories for which the bond language allows funds to be used for multiple potential activities, or for which funds are dedicated for a new program or activity that does not have an established framework in place. The Governor's budget proposes providing Proposition 4 funding for several such new programs or activities in 2026-27, as we summarize in **Figure 2** on the next page. As shown, these 11 programs represent \$830 million of the bond's authorized total, of which

the Governor proposes to appropriate \$455 million in 2026-27. The largest of these proposed allocations is \$323 million for the California Infrastructure and Economic Development Bank (IBank) to provide public financing for transmission projects.

While the Legislature did approve a cumulative \$186 million for some of these activities in 2025-26, we believe notable discretion remains around how specifically the funds can and will be used. As such, these proposed appropriations represent a key opportunity for the Legislature to articulate its priorities and provide guidance about how specifically these funds should be spent, to the degree it has any. Absent such guidance, the Legislature is essentially deferring to the administration to make spending decisions. For example, some of the specific activities contained in the administration's proposals—which are not specified in or required by bond language—include:

- **Nature, Climate Education, and Research Facilities Grants.** The bond included similar categories of funding in both the Water and Parks chapters. In 2026-27, the administration proposes combining funding from both bond chapters to run a competitive grant program for capital projects at education and research facilities. (The Legislature appropriated some funding from these categories in 2025-26 for several specific facilities.)
- **Fire Training Center.** The bond language is not specific about how these training center funds must be used. The administration proposes using \$2.5 million in 2026-27 and the entire remaining balance in the out-years to fund improvements at the California Department of Forestry and Fire Protection's (CalFire's) Lone Training Center. The remaining \$2.5 million in 2026-27, together with \$2.5 million from the amount approved in 2025-26, would be used for CalFire's Prescribed Fire Learning Hub.
- **Fuel Reduction, Structure Hardening, Defensible Space, Reforestation, and Acquisitions.** This bond category sets aside funding for a range of potential activities. The administration proposes providing \$20 million in 2026-27 to be used over the

Figure 2

Governor's Proposition 4 Proposal: New Programs and Activities

(In Millions)

Purpose	Implementing Departments	Bond Category	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Nature, climate education, and research facilities	CNRA	Water/Parks	\$45	\$33	\$10	\$2
Salton Sea Conservancy	SSC	Water	10	2	3	5
Fire training center	CalFire	Wildfire	25	3	5	17
Fuel reduction, structure hardening, defensible space, reforestation, acquisitions	CalFire	Wildfire	50	30	20	—
Reduce wildfire risk related to electricity transmission	CalFire	Wildfire	35	—	15	19
San Andreas Corridor Program	WCB	Biodiversity and NBS	80	—	20	59
Public financing of transmission projects	IBank	Clean Energy	325	—	323	—
Reducing climate impacts on disadvantaged communities and expanding outdoor recreation	CNRA/CDFW/SMMC	Parks	200	119	26	54
Regional farm equipment sharing	CDFA	Agriculture	15	—	14	1
Tribal food sovereignty	CDFA	Agriculture	15	—	14	1
Increasing land access and tenure	DOC	Agriculture	30	—	5	25
Totals			\$830	\$186	\$455	\$184

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will be \$6 million in total for all of these programs. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

CNRA = California Natural Resources Agency; SSC = Salton Sea Conservancy; CalFire = California Department of Forestry and Fire Protection; WCB = Wildlife Conservation Board; NBS = nature-based solutions; IBank = California Infrastructure and Economic Development Bank; CDFW = California Department of Fish and Wildlife; SMMC = Santa Monica Mountains Conservancy; CDFA = California Department of Food and Agriculture; and DOC = Department of Conservation.

next three fiscal years for financial and technical assistance for homeowners to implement defensible space mitigations.

- **Reducing Climate Impacts on Disadvantaged Communities and Expanding Outdoor Recreation.** The bond language does not specify exactly how these funds must be used. The administration would use \$6 million of the proposed \$26 million in 2026-27 to support a three-year stewardship program at the California Department of Parks and Recreation (Parks) to enhance lands adjacent to and surrounding the former Sonoma Developmental Center.

None of the administration's proposed activities for these funds raised specific concerns for us through our review. However, since in many cases the administration's proposed approach was not specifically articulated by the Legislature in the bond language, approving or modifying these

proposals represents the Legislature's opportunity to confirm and express its intent and priorities—which could differ from what the Governor is proposing. For each new program, the Legislature could use budget subcommittee hearings to ensure it understands specifically what the administration is planning and request additional information if needed. To the extent the Legislature would like to modify the proposal and/or specify spending guidance, it could do so in budget bill and/or trailer bill language. Such language could help the Legislature ensure its expectations for the use of this funding are upheld. We note that although the Salton Sea Conservancy is a new state entity, Chapter 771 of 2024 (SB 583, Padilla) and the terms of the funding provided in 2025-26 set direction for the creation of the conservancy. Similarly, Chapter 119 of 2025 (SB 254, Becker) established a structure for the new IBank energy infrastructure financing program that the Proposition 4 funds

will support. These are examples of the type of supplemental statutory direction the Legislature could choose to adopt for other new programs.

Some Proposition 4 Programs Relate to Other Governor's Budget Proposals. Some of the bond programs in the proposed spending plan relate to other Governor's budget proposals. For example, in addition to the proposed \$20 million from Proposition 4 for CalFire's defensible space mitigation grant program, the department is also requesting \$6.2 million General Fund and 31 positions in 2026-27 (and a similar amount ongoing) to perform defensible space inspections. Similarly, the Department of Water Resources (DWR) is requesting \$9.5 million in Proposition 1 (2014) funding along with \$15.5 million in Proposition 4 funding for a fish passage project in the San Joaquin River. As another example, DWR is requesting \$8.7 million from the General Fund and \$3.8 million from Proposition 4 to support state operations associated with urban flood risk reduction projects conducted with the federal government. To the extent Proposition 4-funded activities relate to other proposals in the budget, we recommend the Legislature consider them in tandem. This could allow it to assess the potential

interactions of the associated proposals. For example, it could explore the implications of funding one proposal without approving the other (such as if the budget condition requires it to reject new proposed General Fund spending).

Proposed Control Section Seems Reasonable, but Lacks Legislative Reporting.

We find the administration's proposed control section to be reasonable. Easing departments' ability to jointly fund landscape and multi-jurisdictional projects would be consistent with bond language that encourages these types of projects. Moreover, streamlining the funding process for state-administered projects could help departments undertake the work more quickly and efficiently. However, while the proposed control section requires notification and approval of DOF before spending authority changes, it does not include legislative notification. The Legislature might benefit from receiving summary information about the degree to which the proposed control section is used—both to help it track project funding and implementation, as well as to understand possible strategies for easing administrative burdens and potential unintended consequences.

OVERVIEW OF SPECIFIC SPENDING CATEGORIES

Below, we summarize how the Governor proposes to allocate and implement funding within each of the bond's eight spending categories.

Safe Drinking Water, Drought, Flood, and Water Resilience

Proposition 4 authorizes a total of \$3.8 billion for water-related activities. As shown in **Figure 3** on the next page, the Governor proposes to appropriate \$792 million in 2026-27. After accounting for the \$1.2 billion appropriated in 2025-26, this would leave \$1.8 billion (47 percent) available for future years.

Nearly two-thirds of this chapter of the bond is dedicated to five program areas within DWR and the State Water Resources Control Board (SWRCB): flood management, dam safety, groundwater management/instream flow, drinking water, and

water recycling. The 2026-27 proposal emphasizes three of these areas, while mostly deferring providing funding for the other two. Specifically, the Governor proposes providing \$232 million for three flood programs, \$173 million for drinking water, and \$78 million for water recycling, but only \$20 million for groundwater management/instream flow and \$2 million for dam safety (state operations only). DWR indicates that it plans to request appropriation of most groundwater project funding in 2027-28 following engagement with groundwater sustainability agencies as well as public scoping meetings in 2025-26 and development of guidelines and regulations in 2026-27. (Funding in 2026-27 would support a DWR-led fish passage project that is part of the San Joaquin River restoration.) Additionally, DWR notes that it has been developing guidelines and regulations for the Dam Safety

Figure 3

Governor's Proposition 4 Proposal: Safe Drinking Water, Drought, Flood, and Water Resilience

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Water Quality, Safe Drinking Water			\$610	\$194	\$173	\$238
Water quality, safe drinking water	91011(a)	SWRCB	\$585	\$183	\$160	\$237
Tribal water infrastructure	91011(a)(8)(B)	SWRCB	25	11	13	0.8
Flood Risk and Stormwater Management			\$1,140	\$419	\$273	\$439
Sacramento-San Joaquin Delta levees	91021(a)	DWR	\$150	—	\$60	\$89
Flood Control Subventions Program	91021(b)	DWR	150	\$123	24	1
State Plan of Flood Control projects	91021(c)	DWR	250	63	148	37
Dam safety	91022	DWR	480	232	2	243
Urban stormwater management	91023	SWRCB	110	1	39	69
Rivers, Lakes, Streams; Watershed Resilience			\$605	\$238	\$96	\$266
Integrated regional water management	91031	DWR	\$100	\$0.5	\$2	\$97
Los Angeles River Watershed—Lower	91032(a)	RMC	40	0.6	11	29
Los Angeles River Watershed—Upper	91032(b)	SMMC	40	20	6	13
Riverine Stewardship Program	91032(c)	DWR	50	1	5	44
Santa Ana River Conservancy Program	91032(d)	SCC	25	10	0.2	14
Urban Streams Restoration Program	91032(e)	DWR	25	1	11	13
Wildlife refuges and wetland habitat areas	91032(f)	CNRA	25	0.2	0.2	24
Lower American River Conservancy Program	91032(g)	WCB	10	3	—	7
Coyote Valley Conservation Program	91032(h)	SCC	25	3	14	7
West Coyote Hills Program	91032(i)	SCC	25	—	23	2
California-Mexico rivers and coastal waters	91032(j)	SWRCB	50	47	0.7	2
Clear Lake Watershed	91032(k)	CNRA	20	2	17	1
Salton Sea Management Program	91033(a)	DWR/CNRA	160	148	3	7
Salton Sea Conservancy	91033(b)	SSC	10	2	3	5
Streamflow Enhancement Program			\$150	\$31	\$11	\$107
Streamflow Enhancement Program	91040(a)	WCB	\$100	\$21	\$11	\$68
Habitat Enhancement and Restoration	91040(b)	WCB	50	11	0.5	39
Other			\$1,295	\$317	\$238	\$730
Groundwater management, instream flow	91012(a)	DWR	\$386	\$30	\$20	\$334
Multibenefit Land Repurposing Program	91013	DOC	200	32	65	102
Water reuse and recycling	91014	SWRCB	386	153	78	152
Water Storage Investment Program	91015	CWC	75	74	—	—
Brackish desalination, salinity management	91016	DWR	63	0.2	0.6	61
Water data management, stream gages	91017	DWR	10	8	0.5	2
Water data management, stream gages	91017	SWRCB	5	0.4	0.7	4
Regional conveyance projects and repairs	91018	CNRA/DWR	75	3	69	3
Water conservation—agricultural and urban	91019	DWR	75	0.3	1	73
Nature, climate education, and research facilities	91045	CNRA	20	15	4	1
Totals			\$3,800	\$1,199	\$792	\$1,780

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$28 million for the water-related chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

SWRCB = State Water Resources Control Board; DWR = Department of Water Resources; RMC = San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy; SMMC = Santa Monica Mountains Conservancy; SCC = State Coastal Conservancy; CNRA = California Natural Resources Agency; WCB = Wildlife Conservation Board; SSC = Salton Sea Conservancy; DOC = Department of Conservation; and CWC = California Water Commission.

Program and will solicit proposals in 2026-27 using funding it received in the current year. Within flood programs, the budget proposes \$60 million for maintenance of Sacramento-San Joaquin Delta levees. Additionally, separate from Proposition 4, the budget proposes \$14 million one time from the General Fund for DWR to support habitat mitigation that is required whenever Delta levee maintenance projects are undertaken. Without that support for mitigation, DWR's ability to proceed with Proposition 4-funded levee maintenance projects may be delayed.

In other water-related Proposition 4 spending categories, the budget proposes \$69 million (most of the \$75 million total) for regional conveyance projects and repairs. CNRA—which would administer the funding—indicates that two-thirds of the appropriation would support repairs to State Water Project infrastructure damaged by land subsidence. The budget proposes \$39 million for urban stormwater management (administered by SWRCB)—the first major infusion of Proposition 4 funding for this purpose. SWRCB anticipates issuing a grant solicitation in the fall of 2026.

Wildfire and Forest Resilience

Proposition 4 includes a total of \$1.5 billion for a variety of activities related to wildfire and forest resilience. **Figure 4** on the next page shows how the budget proposes to appropriate \$314 million—21 percent—of this total in 2026-27. The largest category of proposed funding is \$58 million for CalFire to distribute local fire prevention grants for community hazardous fuels reduction and wildfire prevention projects. Other large categories of funding include \$51 million for the Department of Conservation's Regional Forest and Fire Capacity program, \$39 million for regional projects primarily administered by CalFire, and \$37 million for the forest health program. As noted earlier, CalFire's separate budget proposal to fund defensible space inspector positions on a permanent basis with General Fund interacts with the \$19.6 million in Proposition 4

funding proposed over the next three fiscal years to assist homeowners with defensible space mitigations. Some programs are also new, such as \$15.2 million for CalFire (in coordination with the Office of Energy Infrastructure Safety) to undertake activities to reduce wildfire risk related to electricity transmission. As we discuss earlier, this initial year of program funding represents a key opportunity for the Legislature to weigh in on its priorities and provide guidance for how the administration should target these expenditures.

Coastal Resilience

Proposition 4 authorizes a total of \$1.2 billion for coastal resilience activities. The budget proposes to appropriate \$107 million of this amount in 2026-27, as shown in **Figure 5** on page 11. Four programs administered by SCC account for 70 percent of total authorized coastal-related funding. For these programs, the 2026-27 proposal largely consists of program delivery/state operations funding, with the exception of \$33 million for coastal resilience projects, reflecting SCC's plan to allocate about \$30 million annually over the coming years through this program. Notably, relative to other bond chapters, the administration has proposed allocating a smaller share of total funding from the coastal resilience chapter of the bond across the first two years of Proposition 4 implementation—32 percent (\$387 million). In contrast, when added to the 2025-26 amounts, the administration's proposals for 2026-27 would appropriate an average of about 59 percent of total authorized funding for other chapters of the bond. This distinction is due in part to SCC experiencing unanticipated delays in the emergency rulemaking process and staffing capacity constraints to administer bond funding. Because the conservancy is still working on administering current-year appropriations, the budget proposes relatively modest funding in 2026-27 along with five new positions to support implementation.

Figure 4

Governor's Proposition 4 Proposal: Wildfire and Forest Resilience

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Wildfire Mitigation Grant Program	91510	OES	\$135	\$13	\$26	\$95
Regional Forest and Fire Capacity Program	91520(a)	DOC	185	10	51	123
Regional projects	91520(b)	CalFire, SMMC, SNC	170	91 ^b	39	38
Forest health program	91520(c)	CalFire	175	92 ^c	37	45
Local fire prevention grants	91520(d)	CalFire	185	81	58	45
Fire training center	91520(e)	CalFire	25	3	5	17
Forest health and watershed projects	91520(f)	Parks	200	33	33	132
Fuel reduction, structure hardening, defensible space, reforestation, acquisitions	91520(g)	CalFire	50	30	20	—
Watershed improvement, forest health, biomass utilization, chaparral and forest restoration, and workforce development	91520(h)	SNC	34	31 ^d	—	2
	91520(i)	TC	26	24 ^d	—	1
	91520(j)	SMMC	34	32 ^d	—	1
	91520(k)	SCC	34	31 ^d	—	2
	91520(l)	RMC	34	31 ^d	—	2
	91520(m)	SDRC	26	24 ^d	—	2
	91520(n)	WC	15	14 ^d	—	1
	91520(o)	CFF	15	14 ^d	—	1
Infrastructure for vegetative waste	91530	DOC	50	11	15	24
Fire ignition detection technology	91535	CalFire	25	23	2	—
Reducing risk from electricity transmission	91540	CalFire	35	—	15	19
Demonstrated jobs projects	91545(a)	CCC	50	10	12	28
Totals			\$1,500	\$598	\$314	\$577

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$11 million for the Wildfire and Forest Resilience chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

^b Of the \$91 million for regional projects in 2025-26, CalFire received \$31 million, SMMC received \$15 million, and SNC received \$45 million.

^c Of the \$92 million for the forest health program in 2025-26, \$10 million was included for the Karuk Tribe fire resiliency center from Chapter 2 of 2025 (AB 100, Gabriel) and was available to expend beginning in April 2025.

^d Provided through AB 100 in 2024-25.

Note: Numbers may not add up due to rounding.

OES = Governor's Office of Emergency Services; DOC = Department of Conservation; CalFire = California Department of Forestry and Fire Protection; SMMC = Santa Monica Mountains Conservancy; SNC = Sierra Nevada Conservancy; Parks = California Department of Parks and Recreation; TC = Tahoe Conservancy; SCC = State Coastal Commission; RMC = San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy; SDRC = San Diego River Conservancy; WC = Wildfire Conservancy; CFF = California Fire Foundation; and CCC = California Conservation Corps.

Biodiversity and Nature-Based Climate Solutions

Proposition 4 authorizes a total of \$1.2 billion for activities in the biodiversity and nature-based climate solutions chapter. The budget proposes to appropriate \$199 million in 2026-27, as shown in **Figure 6** on page 12. After accounting for previously appropriated and proposed funds, \$602 million (51 percent) would remain for future years. The largest proposed appropriation in 2026-27 is \$111 million to the Wildlife Conservation

Board (WCB) for protection and enhancement of fish and wildlife resources and habitats. Of this amount, the budget proposes that WCB provide DWR with \$30 million for priority habitat projects and new public access opportunities at the Salton Sea. The Salton Sea Management Program (which includes projects led by DWR) is under a tight schedule mandated by SWRCB to complete nearly 30,000 acres of habitat projects by 2028 to address a receding shoreline and the public health problems caused by resulting toxic airborne dust.

Figure 5

Governor's Proposition 4 Proposal: Coastal Resilience

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Coastal resilience projects and programs	92010(a)	SCC	\$330	\$63	\$33	\$232
San Francisco Bay programs	92010(b)	SCC	85	41	0.7	43
Coastal/flood management for developed shoreline	92015	SCC	350	33	2	312
Ocean and coastal resilience	92020	OPC	135	23	15	96
Implementing SB 1	92030	OPC	75	20	26	29
Implementing Sea Level Rise Adaptation Strategy	92040	Parks	50	24	0.3	25
Island ecosystems; fisheries; kelp ecosystems	92050	CDFW	63	24	10	28
Island ecosystems; fisheries; kelp ecosystems	92050	OPC	12	12	—	—
Dam removal and water infrastructure	92060	SCC	75	35	0.6	39
Hatchery upgrades, Central Valley Chinook salmon	92070	CDFW	25	5	20	—
Totals			\$1,200	\$279	\$107	\$804

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$9 million for the Coastal Resilience chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

SCC = State Coastal Conservancy; OPC = Ocean Protection Council; SB 1 = Chapter 236 of 2021 (SB 1, Atkins); Parks = California Department of Parks and Recreation; and CDFW = California Department of Fish and Wildlife.

The budget also proposes \$20 million to WCB for the San Andreas Corridor Program. However, WCB notes that it is awaiting additional direction from the Legislature about the geographic scope of this new program.

Clean Energy

Proposition 4 includes a total of \$850 million for activities related to clean energy. As shown in **Figure 7** on page 13, the Governor proposes to allocate almost 40 percent of this total—\$326 million—in 2026-27. Nearly all this funding—\$323 million—is proposed for IBank to implement a new transmission financing program established pursuant to SB 254. In addition to these bond funds, pursuant to Chapter 117 of 2025 (AB 1207, Irwin), this new transmission financing program is slated to receive 5 percent of the proceeds from the sale of the cap-and-invest allowances that are provided to electric investor-owned utilities through July 1, 2031. The Governor proposes to defer the allocation of the remaining \$241 million of bond funds for offshore wind-related projects to a future year.

Park Creation and Outdoor Access

Proposition 4 includes a total of \$700 million for a variety of activities related to supporting park creation and outdoor access activities. **Figure 8** on page 13 shows how the budget proposes to appropriate \$35 million—5 percent—of this total in 2026-27. This total and proportion are notably lower compared to most other bond chapters, in large part because a relatively large share of funding was provided in 2025-26. The largest category of funding in 2026-27 is \$26 million for projects largely implemented by CDFW (with some funding for Parks) that expand outdoor recreation and reduce climate impacts on disadvantaged communities. The other notable category of funding is \$6 million for nature, climate education, and research facilities administered by CNRA.

Figure 6

Governor's Proposition 4 Proposal: Biodiversity and Nature-Based Climate Solutions (In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Fish and Wildlife Resources and Habitats			\$870	\$297	\$153	\$414
Fish and wildlife resources and habitats	93010	WCB	\$668	\$256	\$111	\$296
Wildlife crossings and corridors	93030	WCB	100	21	21	58
San Andreas Corridor Program	93030	WCB	80	—	20	59
Southern Ballona Creek watershed	93050	WCB	22	20	2	—
Climate Change Risk Reduction and Public Access^b			\$320	\$84	\$46	\$188
Baldwin Hills Conservancy	93020(a)(1)		\$48	\$13	\$0.4	\$34
California Tahoe Conservancy	93020(a)(2)		29	5	4	20
Coachella Valley Mountains Conservancy	93020(a)(3)		11	2	2	6
Sacramento-San Joaquin Delta Conservancy	93020(a)(4)		29	4	15	9
San Diego River Conservancy	93020(a)(5)		48	8	0.2	39
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	93020(a)(6)		48	10	11	26
San Joaquin River Conservancy	93020(a)(7)		11	5	5	0.4
Santa Monica Mountains Conservancy	93020(a)(8)		48	25	7	15
Sierra Nevada Conservancy	93020(a)(9)		48	10	0.1	38
Tribal Nature-Based Solutions			\$10	\$9	\$0.2	\$0.4
Tribal Nature-Based Solutions Program	93040	CNRA	\$10	\$9	\$0.2	\$0.4
Totals			\$1,200	\$390	\$199	\$602

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$9 million for the Biodiversity and Nature-Based Climate Solutions chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

^b The applicable conservancy is the implementing department.

Note: Numbers may not add up due to rounding.

WCB = Wildlife Conservation Board and CNRA = California Natural Resources Agency.

Extreme Heat Mitigation

Proposition 4 includes a total of \$450 million for a range of extreme heat mitigation programs. As shown in **Figure 9** on page 14, the Governor's budget proposes to appropriate \$241 million in 2026-27—54 percent of the total from this chapter of the bond. Under the proposal, the Governor's Office of Land Use and Climate Innovation would receive \$217 million in the budget year to administer three extreme heat and community resilience programs, with the largest allotment for the Transformative Climate Communities Program (\$137 million). This represents a noticeable ramp-up and first year of Proposition 4 grant funding for this program, which was allocated \$1 million to support initial planning activities last year. Another major recipient of the proposed funding for 2026-27 is CalFire's urban forests program (\$23 million). The Governor's proposal includes a small amount of

administrative funding for CNRA's Urban Greening Program, leaving the remaining balance of \$52 million to be appropriated in a future year.

Climate Smart Agriculture

Proposition 4 includes a total of \$300 million for a variety of activities related to supporting climate smart agriculture. **Figure 10** on page 14 shows how the budget proposes to appropriate \$89 million—30 percent—of this total in 2026-27. The largest category of funding is \$26 million to improve the climate resilience of agricultural lands through the Healthy Soils Program administered by the California Department of Agriculture (CDFA). Other notable appropriations include \$20 million to support farmers' markets, \$14 million for a new regional farm equipment sharing program, and \$14 million for a new tribal food sovereignty program—all administered by CDFA.

Figure 7

Governor's Proposition 4 Proposal: Clean Energy

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Public financing of transmission projects	94520	IBank	\$325	—	\$323	—
Distributed Energy Backup Assets	94530	CEC	50	\$47	0.5	\$2.5
Development of offshore wind generation	94540	CEC	475	228	3	241
Totals			\$850	\$275	\$326	\$243

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$6 million for the Clean Energy chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

IBank = California Infrastructure and Economic Development Bank and CEC = California Energy Commission.

Figure 8

Governor's Proposition 4 Proposal: Park Creation and Outdoor Access

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Statewide Park Program	94010(a)	Parks	\$200	\$190	\$2	\$7
Reducing climate impacts on disadvantaged communities and expanding outdoor recreation	94020	CDFW, CNRA, Parks, SMMC ^b	200	119 ^c	26 ^c	54
Enhancing natural resource value and expanding trail access	94030	CNRA, SCC, WCB ^b	100	56 ^d	0.7 ^d	43
Deferred maintenance	94040	Parks	175	84	0.4	89
Nature, climate education, and research facilities	94050	CNRA	25	17	6	1
Totals			\$700	\$466	\$35	\$194

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$5 million for the Park Creation and Outdoor Access chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

^b Other CNRA departments also may be implementing departments.

^c Of the \$119 million for reducing climate impacts on disadvantaged communities and expanding outdoor recreation in 2025-26, CDFW receives \$10 million, Parks receives \$107 million, and SMMC receives \$2 million. Of the \$26 million in 2026-27, CDFW receives \$20 million and Parks receives \$6 million.

^d Of the \$56 million for enhancing natural resource value and expanding trail access in 2025-26, SCC receives \$51 million and WCB receives \$5 million. In 2026-27, SCC receives \$700,000.

Note: Numbers may not add up due to rounding.

Parks = California Department of Parks and Recreation; CDFW = California Department of Fish and Wildlife; CNRA = California Natural Resources Agency; SMMC = Santa Monica Mountains Conservancy; SCC = State Coastal Commission; and WCB = Wildlife Conservation Board.

Figure 9

Governor's Proposition 4 Proposal: Extreme Heat Mitigation

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	Previous Years	2026-27 Proposed	Remaining Balance ^a
Extreme Heat and Community Resilience Program	92510	LCI	\$50	\$23	\$24	\$2
Transformative Climate Communities Program	92520	LCI	150	1	137	11
Urban Greening Program	92530	CNRA	100	47	0.7	52
Urban forests	92540	CalFire	50	0.5	23	26
Community resilience centers	92550	LCI	60	0.8	55	3
Fairground upgrades	92560	CDFA	40	38	0.7	1
Totals			\$450	\$110	\$241	\$96

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$3 million for the Extreme Heat Mitigation chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

LCI = Governor's Office of Land Use and Climate Innovation; CNRA = California Natural Resources Agency; CalFire = California Department of Forestry and Fire Protection; and CDFA = California Department of Food and Agriculture.

Figure 10

Governor's Proposition 4 Proposal: Climate Smart Agriculture

(In Millions)

Purpose	Code Section	Implementing Departments	Bond Total	2025-26	2026-27 Proposed	Remaining Balance ^a
Climate Resilience of Agricultural Lands			\$105	\$74	\$27	\$4
Soil health and carbon sequestration	93510(a)	CDFA	\$65	\$36	\$26	\$3
State Water Efficiency and Enhancement Program	93510(b)	CDFA	40	38	0.7	1
Food Systems and Market Access			\$90	\$38	\$48	\$3
Certified mobile farmers' markets	93540(a)	CDFA	\$20	\$10	\$10	\$0.7
Year-round certified farmers' markets	93540(b)	CDFA	20	9.6	9.6	0.7
Urban agriculture projects	93540(c)	CDFA	20	18.8	0.4	0.7
Regional farm equipment sharing	93540(d)	CDFA	15	0.2	14	0.6
Tribal food sovereignty	93540(e)	CDFA	15	0.2	14	0.6
Other			\$105	\$42	\$15	\$48
Invasive Species Account	93520	CDFA	\$20	\$20	—	—
Conservation and enhancement of farmland and rangeland	93530	DOC	15	7	\$0.2	\$8
Increasing land access and tenure	93550	DOC	30	—	5	25
Deployment of vanpool vehicles and facilities	93560	CalVans	15	—	—	15
Research farms at postsecondary education institutions	93570	CDE	15	15	—	—
Low-Income Weatherization Program—farmworker housing	93580	CSD	10	0.2	9	0.2
Totals			\$300	\$154	\$89	\$55

^a Amounts displayed are reduced by the estimated statewide bond costs, which the administration estimates will total \$2 million for the Climate Smart Agriculture chapter of the bond. The remaining balance also includes program delivery and state operations costs, some of which are scheduled for appropriation in future fiscal years.

Note: Numbers may not add up due to rounding.

CDFA = California Department of Food and Agriculture; DOC = Department of Conservation; CalVans = California Vanpool Authority; CDE = California Department of Education; and CSD = Department of Community Services and Development.

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