

BUDGET REPORT

California State Budget 2025-26

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Introduction and Summary

The governor's 2025-26 budget proposal breaks the cycle of deficits past with a cautiously optimistic projection of a \$322.2 million surplus. The source of this modest surplus, which comes as a great surprise to many still reeling from the \$37.9 billion shortfall initially projected this time last year, is allegedly in part due to a successful implementation of the governor's two-year budget framework approach. This surplus differs from the projections released by the Legislative Analyst's Office (LAO), who estimated a deficit of \$2.2 billion, which the governor claims to have accounted for in adjustments to Proposition 98 and the Special Fund for Economic Uncertainties (SFEU). In other words, California has purportedly balanced their budget so successfully that the expected deficit has not only been closed but has been replaced with a small surplus.

2025-26 Governor's Budget General Fund Budget Summary (Dollars in Millions)

	2024-25	2025-26
Prior Year Balance	\$35,877	\$26,299
Revenues and Transfers	\$222,473	\$225,095
Total Resources Available	\$258,350	\$251,394
Non-Proposition 98 Expenditures	\$146,998	\$144,290
Proposition 98 Expenditures	\$85,053	\$84,602
Total Expenditures	\$232,051	\$228,892
Fund Balance	\$26,299	\$22,502
Reserve for Liquidation of Encumbrances	\$18,001	\$18,001
Special Fund for Economic Uncertainties	\$8,298	\$4,501
Public School System Stabilization Account	\$1,157	\$1,533
Safety Net Reserve	-	-
Budget Stabilization Account/Rainy Day Fund	\$18,045	\$10,945

Note: Numbers may not add due to rounding.

Copy of the full budget summary [here](#).

Surplus aside, Gov. Gavin Newsom is determined to maintain a tight grasp of the purse strings and keep the savings coming as we head into the second part of the two-year budget in order to "protect the economic foundation we've created." The governor and his team have repeatedly attributed the fiscal instability of past years to the pandemic, changes in the stock market and delayed tax filings imposed by the IRS—the latter of which they anticipate to occur again in the future. While the budget indicates that state revenues are up by \$16.5 billion and that we are seeing a return to the traditional 5% capital gains revenue estimates, Gov. Newsom's primary focus is budget resiliency.

In an effort to achieve budget resiliency, the governor has proposed a statutory reform to Proposition 2 (2014). This reform seeks to increase the cap on mandatory deposits from 10% of General Fund revenues to 20%. The proposed statutory changes would also exclude deposits into the Rainy Day Fund Against the State Allocation Limit. In addition to this, he cautioned that there will be a limit to funding and investments above baseline and allocated just \$1.2 billion in workload and discretionary funding. Further in the spirit of cost savings and efficiency, the governor shared a funding decrease of over 7% for the state's higher education systems, as well as declined to fund the low-income housing tax credit—an allocation he has made consistently in past years—and proposed combining portions of the California Department of Housing and Community Development with the California Housing Finance Agency.

On the other hand, Gov. Newsom has emphasized prioritizing funding improvements in education, health care, housing development and homelessness. Some of these include allocations to pay down the unemployment insurance debt and other unfunded liabilities, further implementation of several TK-12 education priorities, and spurring job growth, notably in the technology sector. The state also enjoys revenue from the recently passed 2024 climate and education bonds, each bringing \$10 million to their respective priorities, including improvements to water and wildfire resilience and school facilities.

With a special session to bolster "California values" to the tune of \$25 million, a new regular legislative session underway with many members looking to champion their own priorities, several ongoing regulatory proceedings whose outcomes promise to significantly impact California businesses' bottom line, and an onslaught of devastating fires with unprecedented impact, California is in for quite the budget conversation as we make our way to the 2025 May Revise and, ultimately, the 2025 Budget Act.

TK-12 Education

The governor's January 2025-26 budget includes total funding of \$137.1 billion (\$83.3 billion General Fund and \$53.5 billion other funds) for all TK-12 education programs. This proposed budget places a notable emphasis on funding for TK-12 education. Many of these investments are reflective of the governor's continuing implementation of programs like universal transitional kindergarten and after-school programs, as well as adjustments to Proposition 98 funding.

These allocations are in addition to the recently approved \$10 billion Kindergarten through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024, \$8.5 billion of which is allocated to public schools and facility repair. With all funding sources taken into account, TK-12 education allocations average out to \$24,764 per pupil.

ANALYSIS

Perhaps most significant of the investments in the TK-12 education space are the adjustments to the funding under Proposition 98. Despite guaranteed revenues anticipated to be at \$118.9 billion in the 2025-26 fiscal year and which reflect an approximate \$7.5 billion increase over the three-year period relative to the 2024 budget Act, the governor is proposing to appropriate the guarantee at \$117.6 billion in order to mitigate risk in revenue projections and over appropriating funds. In conjunction, the Proposition 98 Rainy Day Fund reflects a modest increase from the expected \$1.1 billion total balance to \$1.5 billion at the end of 2025-26.

From the Proposition 98 funds, the budget provides a total of \$2.4 billion ongoing to support the full implementation of universal transitional kindergarten. Additional allocations of \$1.5 billion from the same funding source are made to support further lowering of the student-to-adult ratio from 12:1 to 10:1. In addition, the budget proposes to move forward with full implementation of the Expanded Learning Opportunities Program and allocates a \$435 million ongoing Proposition 98 General Fund to cover the cost of full implementation. This will increase the multiyear program's cost to the Proposition 98 General Fund to \$4.4 billion.

The \$8.5 billion, or 85%, allocation of the 2024 education bond to the School Facility Program will be broken down across key areas as follows:

- \$4 billion for modernization projects;
- \$3.3 billion for new construction;
- \$600 million for charter schools; and
- \$600 million for career technical education projects.

Given the recent outbreak in wildfires in the Southern California region, it is worth noting that the bond allows the State Allocation Board to provide assistance in procuring interim housing for school districts and county offices of education impacted by a natural disaster during a state of emergency.

Higher Education

This year's budget proposes total funding of \$45.1 billion (\$28.5 billion General Fund and local property tax and \$16.6 billion in other funds) to the three higher education segments (University of California, California State University and California Community Colleges) and the California Student Aid Commission. It is worth noting that in addition to funding, this budget proposes several deferrals, many of which are simply maintained from the 2024 Budget Act. In addition, the budget allocates more than \$100 million in new investments to implement key priorities under the Master Plan for Career Education. Finally, the budget reflects \$3.1 billion in total financial aid expenditure, \$2.6 billion of which will directly support Cal Grant.

ANALYSIS

The University of California (UC) system maintains several of the planned funding deferrals outlined in the 2024 Budget Act. This budget goes further in stating its intent to maintain efficiency reductions included in the prior fiscal year's budget and encourages the UC to continue planning for a reduction of 7.95% (approximately \$396.6 millions) in ongoing General Fund support. Those deferrals continuing from the 2024 Budget Act include the 2025-26 Compact investment (\$240.8 million) and a \$31 million deferral to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students. Both are deferred to 2027-28.

The California State University (CSU) system will receive \$252.3 million ongoing General Fund, representing a 5% increase in the fourth year of the multiyear Compact Agreement. However the 2025-26 amount will be deferred to 2027-28. It is also worth noting that the Capital Fellows Program participants will see a salary increase resulting from a \$1.3 million program-specific allocation. Despite this boost, and similar to its UC counterpart, the CSU system overall is cautioned to anticipate a 7.95% (approximately \$375.2 million) reduction in ongoing General Fund support.

The California Community College (CCC) system contains allocations that reflect a continuation on the CCC multiyear roadmap. These allocations include a \$30.4 million ongoing Proposition 98 General Fund for 0.5% enrollment growth and \$162.5 million Proposition 98 General Fund (\$29 million ongoing) for a common cloud data platform across the community college system, the latter of which support the Career Education Master Plan. One priority shared by the governor is the \$100 million one-time Proposition 98 General Fund (\$7 million ongoing) to build on existing credit for prior learning policies and develop a Career Passport—a resource meant to provide students with formalized documentation of their skills and experience as they enter the workforce.

Under the \$3.1 billion total financial aid expenditure, the budget makes allocations of \$527.2 million for the Middle Class Scholarship and a \$50 million one-time General Fund to support the Golden State Teacher Grant Program.

Climate Change and Environment

Climate Bond Funding: With the approval of voters last November of the \$10 billion climate bond, the governor's office proposes \$2.7 billion for the first year of a multiyear expenditure plan for its implementation to accelerate projects and programs that build water and wildfire resilience, with up to two-thirds of those investments for nature-based solution climate targets. The two largest investments are in water and wildfire management, which are detailed more below, with the inclusion of investments in clean air and energy:

Safe Drinking Water, Drought, Flood, & Water Resilience: \$1.074 billion total

- Dam Safety & Climate Resilience: \$231.5 million
- Water Quality & Safe Drinking Water and Tribal Water Infrastructure: \$183.2 million
- Flood Management Projects: \$173.1 million
- Water Reuse & Recycling: \$153.4 million
- Salton Sea Management Program: \$148.2 million
- Improvements for storage, replenish groundwater, streams and rivers, and completion of various water resilience projects: \$148.2 million

Wildfire and Forest Management: 325 million total

- Forest Health Program: \$82.2 million
- Regional Projects: \$79.5 million
- Local Fire Prevention Grants—\$59.1 million
- Resilient State-Owned Lands—\$33.4 million
- State Conservancies—Watershed Improvement and Wildfire Resilience—\$22.4 million
- Wildfire Mitigation Program—\$9.1 million
- Wildfire and Forest Resilience Projects and Programs: \$39.3 million

Clean Air and Energy: \$275 million total

- Port Upgrades for Offshore Wind Generation and Other Purposes: \$228.2 million
- Demand-Side Grid Support Program: \$50 million

E 15 Transportation Fuel Blend: The governor also proposes \$2.3 million from special funds for the California Air Resources Board to evaluate, develop and implement the appropriate regulatory changes necessary to authorize the use of E15 in California.

Energy Affordability: There are no specific investments or changes in the proposal, just the mention about the need for the development and action on a "multi-faceted suite of actions this legislative year and going forward that, only together, will yield meaningful electric bill cost savings for Californians."

Cap and Trade Extension: The governor proposes extending the cap-and-trade program beyond 2030 to achieve carbon neutrality.

ANALYSIS

The ongoing devastating fires in Los Angeles County will have a significant impact on budget

discussions between the governor's office and the legislature. Although the passage of the bond allowed the governor's office to shift about \$273 million from prior general fund obligations to climate bond expenditures listed above, the economic losses from the fires is expected to affect the state budget. When asked by a reporter about the impact, Department of Finance Director Joe Stephenshaw stated that "a lot of those emergency costs are reimbursed fully by the federal government for the first 180 days"; however, they are beginning to assess and "will take time to know about the true impact in regards to the fiscal perspective."

In regard to gasoline prices, the previous two extraordinary sessions on gasoline prices included much bipartisan discussion about the need for augmenting the existing gasoline supply to reduce prices through an increased blending of ethanol from 10% (E10) to 15% (E15). This is likely to occur, but not without opposition from some environmental justice organizations.

In regard to energy affordability, there were unsuccessful efforts near the end of the last session for legislation regarding permitting and other changes to further promote decarbonation and yield cost savings. The governor then issued an executive [order](#) in late October to tackle electric bills by encouraging bill relief, maximize California's Climate Credit, evaluate electric ratepayer supported programs and costs of regulations, and pursue federal funding. Discussions between the administration and the legislature will likely revolve around those evaluations.

Regarding California's Cap and Trade Program, it was passed in 2006, launched in 2012, renewed in 2017 and is authorized until 2030. The legislature is seeking to pursue reauthorization this year to give regulated businesses confidence and more time to make business decisions to adapt to changes. The 2017 reauthorization is not remembered fondly, as former Gov. Brown had to negotiate with moderate Republicans who were then deemed "Cap And Traitors" by their base and resulted in the ouster of the Assembly Republican leader. The program is run by the California Air Resources Board (CARB) and is central to the state's strategy to reduce greenhouse gas (GHG) emissions.

Health and Human Services

The governor's budget includes \$296.1 billion (\$83.7 billion General Fund) for all health and human services programs in 2025-26. Of these allocations, Medi-Cal expenditures are seeing an increase of \$2.8 billion General Fund in 2024-25 as compared to the 2024 Budget Act. This increase is reflective of a significant increase in enrollment in the program, but is offset by the implementation of Proposition 35 (November 2024), which allows the Department of Health Care Services to seek federal renewal and reauthorization of the Managed Care Organization Tax. The governor's efforts to maintain a balanced budget and its overall modest surplus are seen in the allocations for the Department of Social Services and the Department of Developmental Services, with some of their programs receiving increases and others receiving reductions.

ANALYSIS

The Department of Health Care Services (DHCS) is receiving a \$174.6 billion allocation in 2024-25 and \$188.1 billion in 2025-26 specifically for the purposes of administering the Medi-Cal program, which covers more than one-third of the state's population. This \$2.8 billion increase from the prior Budget Act is reflective of an uptick in demand in enrollment in the program and pharmacy expenditures, the latter of which seem to be an experience shared by other state Medicaid programs. This budget allocates an increase in \$1.6 billion (2024-25) and \$1.2 billion (2025-26) for pharmacy costs alone, a portion of which are attributed to the use of high-cost anti-obesity GLP-1 drugs.

With voters passing Proposition 35 in November 2024, the DHSC is authorized to seek federal renewal and reauthorization of the Managed Care Organization (MCO) Tax to permanently continue the tax. Under the provisions of Proposition 35, DHCS must consult with a stakeholder advisory committee to develop and implement uses to tax revenues, which are permitted to begin in the 2025 tax year. The budget predicts a \$15.6 billion total MCO Tax revenue split across 2024-2027 to support the Medi-Cal program. In addition, the proposition's passing rendered the provider payment increases and investments authorized under the 2024 Budget Act inoperable as of Jan. 1, 2025. This budget reflects Proposition 35 expenditures for 2025 and 2026, including provider rate increases across a series of primary and specialty care types. Despite these proposals, the final spending plan is subject to consultation with the stakeholder advisory committee.

The governor is proposing \$62.1 billion (\$22.5 billion General Fund) for Department of Social Services (DSS) programs in 2025-26. This includes \$9.5 billion for total Temporary Assistance for Needy Families (TANF) program expenditures, such as CalWORKs, Child Welfare Services, Foster Care and others. Significant updates include a CalWORKs Work and Family Well-Being Pilot and a Projected CalWORKs Grant Increase of an approximate 0.2% increase to CalWORKs Maximum Aid Payment levels, with an estimated cost of \$9.1 million, projected to begin Oct. 1, 2025. Also of note is the proposed \$7.1 billion (\$4.6 billion General Fund) for administered child care and development programs and the mention of the current Memorandum of Understanding (MOU) with Child Care Providers United—

California (CCPU), which is set to expire on June 30, 2025. The state will need to negotiate an agreement with the union prior to the adoption of the budget.

The governor is proposing \$19 billion (\$12.4 billion General Fund) to the Department of Developmental Services (DDS) for approximately 505,000 individuals to receive services in 2025-26. Also mentioned is that the administration is planning to release the Master Plan for Developmental Services in March of this year.

Housing and Homelessness

Rather than tout specific investments in housing and homelessness, the governor's budget instead focuses on structural changes and policy priorities that the administration will support over the next budget cycle. Chief among these is a proposal to establish a new California Housing and Homelessness Agency, with the goal of fostering greater coordination among the entities responsible for planning, producing and preserving housing. On homelessness, the governor continues to take a strong stance against both encampments and local jurisdictions, highlighting a \$100 million allocation for Encampment Resolution Fund grants and stating that any future funding for homelessness will come with strict accountability policies.

ANALYSIS

Per data provided to the Department of Finance, housing production in California has increased significantly from just over 70,000 homes per year before 2018 to over 115,000 in 2023. Despite that progress, California remains well short of the 180,000 units per year needed to meet existing demand, to say nothing of the 2.5 million unit backlog needed to truly stabilize home prices. Furthermore, high interest rates for mortgages continue to negatively impact California's residential construction sector, with total permit growth in the third quarter falling by 13.5% from the previous year.

Creating a centralized agency for housing and homelessness has long been a priority in the housing world, especially among affordable developers who often have to cobble together funding from multiple sources. The governor stated that the new agency will help to align housing initiatives in complementary policy areas such as transportation, health, climate, energy and community planning. Such a realignment would be a significant undertaking and would need the advice and consent of the legislature and potentially other constitutional officers such as the treasurer to be successful. More details are to be provided in the spring through a reorganization plan submitted to the Little Hoover Commission. The budget called out three policy priorities which hint at the type of legislation that they are hoping will make it to the governor's desk this session.

- **Reduce Costs:** With significant new streamlining authorities on the books, the next priority is to reduce the cost of construction. Following the lead of Assemblymember Buffy Wicks' Select Committee on Permitting Reform, the budget calls for streamlining processes and removing unnecessary barriers to development, including addressing delays in project approvals and permitting.
- **Enhanced Accountability:** Last year saw several efforts to bolster existing laws such as the Builder's Remedy and the Housing Accountability Act. The administration will look to continue this trend with reforms to the Permit Streamlining Act and Housing Element Law.
- **Housing and Transportation:** The budget calls on the state to remove barriers to infill housing near transit, align long-term housing and transportation planning, and further the ability to utilize housing as a mitigation strategy for infrastructure projects.

The governor kept a sharp focus on accountability when discussing funding for homelessness, reflecting actions taken last year by his administration to claw back funding from underperforming local jurisdictions. Specific accountability policies mentioned include:

- Requiring local governments to have a compliant housing element and a local encampment policy, consistent with state guidance, to be eligible for funding.
- Prioritizing funding for local governments with pro-housing designations where appropriate.
- Allowing the reallocation of funding from local governments that fail to meet program requirements or show progress on key metrics to those that are acting with the necessary urgency.

Criminal Justice and Judicial Branch

The governor's budget proposes total funding of \$13.9 billion the California Department of Corrections and Rehabilitation, with a major focus on rehabilitation and reentry programs and on achieving cost savings by closing prison facilities. The budget seeks to bolster the long-term financial sustainability of reentry programs by adding \$32 million General Fund, growing to \$42.9 million in 2029-30, to enable CDCR to increase contract rates and provide annual adjustments for 14 parole reentry contracts. CDCR plans to achieve state operations reductions totaling \$267.6 million in 2024-25, \$185.8 million in 2025-26 and \$193.6 million ongoing, primarily through facilities reductions.

The budget also touts California's investments in public safety, including \$283.6 million budgeted in 2025-26. Since the 2022-23 budget, California has allocated \$1.6 billion to public safety efforts, including spending in the following areas:

- \$532 million for community public safety,
- \$369.9 million to target organized retail theft
- \$311.8 million to combat gun violence,
- \$308.3 million for victim services, and
- \$88 million to combat illicit drugs.

ANALYSIS

The governor maintained a strong focus on rehabilitation and prison closures in the budget, while also subtly hinting at funding challenges ahead.

In recent years the administration has achieved spending reductions by reducing the capacity of both private prisons and state-owned facilities. 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. The termination of these contracts saved the state hundreds of millions of dollars and aligns with the policy priorities of the legislature. With regard to state facilities, CDCR closed the California Correctional Center (Susanville) in June 2023 and deactivated facilities within six prisons between January and October 2023.

These closures made fiscal sense because the adult incarcerated population has been trending downward. However, the passage of Proposition 36 in November 2024 throws into question whether this trend will continue. With more low-level offenders being charged and sentenced as a result of the referendum, it is an open question whether the state's capacity challenges will re-emerge.

In the rehabilitation and reentry space, the governor highlighted the transformation of San Quentin State Prison into the San Quentin Rehabilitation Center, which will focus on providing every incarcerated person access to rehabilitation and education programs, as well as the opportunity to gain resources and skills to improve their outcomes upon reentering society. This budget also supports the activation of four new reentry expansion

facilities—located in Sacramento, San Bernardino, Ontario and Fresno—which will add a total of 439 additional Male Community Reentry Program beds.

Finally, the budget includes \$32 million General Fund, growing to \$42.9 million in 2029-30, to enable CDCR to increase contract rates and provide annual adjustments for 14 parole reentry contracts. These programs include Day Reporting Centers, the Long-Term Offender Reentry Recovery Program and Specialized Treatment for Optimized Programming, which help facilitate the transition of individuals on parole back into their communities.

Labor and Workforce Development

Unemployment insurance was a notable discussion in the governor's budget proposal. California's unemployment insurance fund is \$20 billion in debt to the federal government. Following a Dec. 2 Legislative Analyst's Office report and proposal to fix the fund's problems, as well as a projection that the program will have deficits of \$2 billion a year for the next five years.

The governor's budget also focused on investments to upgrade and modernize information technology systems to improve the operation and user experience of worker health and safety programs, unemployment insurance and paid family leave.

- Unemployment Insurance Trust Fund Loan Interest—\$634.3 million one-time General Fund to pay the annual interest payment on the state's Unemployment Insurance loan balance.
- EDDNext—\$124.2 million one-time (\$62.1 million General Fund) to continue the planning and development of EDDNext for the fourth year of a multi-year plan to modernize benefit systems and enhance customer service at the Employment Development Department (EDD).

General Government and Statewide Issues

As part of the governor's economic development strategy, the budget seeks to build upon the success of the California Competes program administered by the Governor's Office of Business and Economic Development (Go-Biz), which serves as the state's lead entity for economic strategy, including business incentives and services, private sector investment, export promotion, permit assistance, innovation, and entrepreneurship.

During the grant program's three years of one-time funding from 2021-22 through 2023-24, Go-Biz awarded grants to 23 businesses that collectively committed to more than \$6.5 billion of investments in the state, creating over 18,000 new full-time jobs. The budget proposes \$60 million one-time General Fund to award new grants in 2025-26.

The budget proposes \$17 million one-time General Fund for the Regional Initiative for Social Enterprises Program (CalRISE). Initially established in 2022, CalRISE provides financial and technical assistance to employment social enterprises to help them build capacity to create and retain jobs in communities. Employment social enterprises are businesses that provide jobs, on-the-job training and specialized support to people who face high barriers to work, including homelessness, previous incarceration, substance use or mental health issues.

MASTER PLAN FOR CAREER EDUCATION

In August 2023, the governor called for a new Master Plan for Career Education through the Freedom to Succeed Executive Order.

The budget proposes \$5 million General Fund in 2025-26 and ongoing for the Government Operations Agency (GovOps) to establish a planning and coordinating entity to bring together TK-12 education, higher education and state economic and labor agencies to improve coordination of resources and initiatives across state government in alignment with recommendations from the Master Plan for Career Education.

The budget also proposed \$100 million one-time Proposition 98 General Fund for the California Community College System to expand Credit for Prior Learning and begin building the infrastructure for the state's first "Career Passport." The Career Passport Initiative will allow students to create formal documentation of their marketable skills and abilities developed through work, classes, apprenticeships, internships or other experiences both inside and outside the classroom with the intent of scaling the system in future years to be applicable at both the secondary and higher education levels. Additionally, the Career Passport Initiative will provide students with a state-validated transcript for skills earned from educational or work experience, which can be used as a recruitment tool for employment as well as ongoing education.

CANNABIS

Proposition 64 specifies the allocation of resources in the Cannabis Tax Fund, which are continuously appropriated. The budget estimates \$468.2 million will be available in 2025-26 as follows:

- Education, prevention and treatment of youth substance use disorders and school retention—60% (\$281 million)
- Clean-up, remediation and enforcement of environmental impacts created by illegal cannabis cultivation—20% (\$93.6 million)
- Public safety-related activities—20% (\$93.6 million)

CONSUMER PROTECTION AGENCY

The budget proposes establishing a dedicated agency for consumer services and business oversight. More details will be provided in the spring through a reorganization plan submitted to the Little Hoover Commission. Currently, consumer protection is within the scope and jurisdiction of the Business, Consumer Services and Housing Agency.

PROCUREMENT AND ARTIFICIAL INTELLIGENCE (AI)

On Sept. 6, 2023, the governor signed Executive Order N-12-23, which directs the GovOps, the California Department of General Services (DGS) and the California Department of Technology (CDT) to update the state's project approval, procurement and contracting processes for Generative Artificial Intelligence (GenAI) related efforts using results from potential GenAI pilot projects. In 2024, GovOps, CDT, the Office of Data and Innovation (ODI) and DGS initiated five pilot projects using GenAI applications.

Based on the success of these solutions, additional opportunities for improvement to current state processes have been identified. The budget notes that there will be changes to the procurement process for models that will streamline internal administrative procurements, CDT project approvals and oversight processes, and reassess how technology projects are currently funded. Additional details will be provided in the Spring.

Infrastructure

In 2024, voters approved an additional \$26.4 billion for three additional bond measures:

- Proposition 1: Behavioral Health Infrastructure Bond Act of 2024—\$6.4 billion
- Proposition 2: Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024—\$10 billion.
- Proposition 4: Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024—\$10 billion.

The Budget maintains the entirety of the transportation package included in recent budgets. This includes \$15.4 billion from various funds over multiple years for the following:

- \$7.7 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to provide options to opt-out of traffic congestion and reduce greenhouse gas emissions. A portion of these funds can also be used to support transit operations.
- \$4.2 billion Proposition 1A for the High-Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield.
- \$1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- \$1.1 billion for Active Transportation Program projects, the Reconnecting Communities Highways to Boulevards Pilot program, and climate adaptation projects to advance equity and health outcomes.
- \$1.1 billion for the Zero Emission Transit Capital Program.
- \$150 million for grade separation projects that support critical safety improvements and improve traffic and rail movement by separating the vehicle roadway from the rail tracks