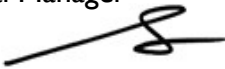


**EAST BAY REGIONAL PARK DISTRICT
LEGISLATIVE COMMITTEE
AGENDA STAFF REPORT**

DATE	March 13, 2024
TITLE	2024-25 Fiscal Year State Budget Review
DIVISION	General Manager's Office
FROM	Erich Pfuehler, Chief of Government and Legislative Affairs Dr. Ana M. Alvarez, Deputy General Manager
APPROVED	Sabrina Landreth, General Manager 

RECOMMENDATION

This is an informational item only.

BACKGROUND

On January 10, Governor Newsom released his January Budget Proposal for fiscal year 2024-25. The proposal outlines a \$291 billion spending plan for this fiscal year - about \$20 billion lower than the final 2023-24 budget. Notably, the Governor projects the state may only face a deficit of \$38 billion through fiscal year 2024-25, which is \$30 billion lower than the Legislative Analyst's Office's deficit projections from December 2023.

To explain the cause of the deficit, the Governor points to declines in the stock market which drove down revenues in 2022 and the unprecedented delay in income tax collections due to last year's intense winter storms which impacted much of the state. The Governor has not provided an explanation as to why his Administration's deficit projections are significantly lower than the Legislative Analyst's Office's projections.

Governor Newsom's plan to address the projected \$38 billion deficit includes drawing \$13.1 billion from the state's budget reserves, \$8.5 billion in reductions to program spending, \$7.2 billion in deferrals and delays and \$3.4 billion in fund shifts.

ANALYSIS

The Governor's budget proposal maintains approximately \$48 billion (89%) of the \$54 billion multi-year climate package passed in the 2021 and 2022 Budget Acts. The \$6.7 billion of General Fund investments in climate-related programs include: \$2.9 billion in reductions; \$1.9 billion in delays of expenditures to future years; and \$1.8 billion in shifts to other funds, primarily the Greenhouse Gas Reduction Fund (GGRF).

The Governor's proposal preserves the majority of previously allocated conservation funding, including maintaining \$1.4 billion of the original \$1.6 billion multi-year funding package for nature-based solutions. Key protected allocations include:

- \$75 million for Urban Greening administered by the California Natural Resources Agency
- \$95 million to the Wildlife Conservation Board for nature-based solutions

- \$65 million to the Wildlife Conservation Board to protect fish and wildlife from changing conditions

The most severe cuts to conservation funding are those impacting coastal resilience and sea level rise dollars at the State Coastal Conservancy. Relevant reductions to the East Bay Regional Park District (Park District) include:

- A reduction of \$392 million from the State Coastal Conservancy, including:
 - \$171 million for Coastal Protection and Adaptation, maintaining \$154.9 million in this program area
 - \$220 million for Sea Level Rise, maintaining \$336 million in this program area
- A reduction of \$70.4 million from the Wildlife Conservation Board from various watershed climate resilience programs, although these cuts will primarily impact projects in the High Sierra and Southern California.
- A reduction of \$25 million to the Department of Parks and Recreation for outdoor equity grants, removing all new funding from the program this year.
- A reduction of \$27.7 million to wildfire reduction investments for state conservancies in high-risk regions. These cuts are anticipated to be focused within foothill, mountain and coastal communities.

The Governor's January Budget Proposal is the starting point for budget negotiations with the Legislature over the next six months.

FISCAL IMPACT

There is no fiscal impact associated with this informational item.

ATTACHMENTS

January Budget Overview.