

Governor Newsom unveils \$260 billion May budget revision

Includes \$100 billion in major new initiatives and investments to confront homelessness and housing affordability, aging infrastructure, wildfires and climate change

On May 14, 2021, Governor Gavin Newsom unveiled his May Revision of the proposed State budget. The May Revision is the Governor's proposal for what he would like to see appropriated as part of the Fiscal Year 2021-22 State Budget. The proposed \$260 billion State budget includes \$75.7 billion in State surplus funds and \$25 billion in federal relief funds.

The new proposed \$100 billion spending plan (utilizing State surplus funds and federal relief monies) aims to speed up California's recovery and address its challenges; including immediate relief for those hit hardest by the COVID-19 pandemic, confronting homelessness, investing in infrastructure and combating wildfires and climate change.

Proposed Investments in Recycling and Food Waste Prevention

The Governor's May Revision budget proposal includes \$196 billion in General Fund appropriations. Appropriations include:

- \$55 million to provide grants and loans for new composting and anaerobic digestion facilities and to expand capacity at existing wastewater treatment facilities to increase organic waste recycling capacity, provide funding for co-digestion and reduce methane emissions from landfills.
- \$50 million for the Climate Catalyst Fund to provide low interest revolving loans to attract recycling and reuse businesses to California.
- \$15 million for Recycling Technology Feasibility Grants to provide grants to companies that are in research and development, the pilot phase for recycling projects and are interested in relocating in California.
- \$5 million for Food Waste Prevention and Rescue Grants to establish new or expand existing food waste prevention projects.
- \$5 million to create and expand community composting opportunities that create jobs in underserved and disadvantaged communities.

Investments needed in Los Angeles County to comply with Senate Bill 1383 regulations

Senate Bill 1383 (SB 1383) established a statewide goal to reduce landfill disposal of organic waste by 75% no later than 2025 and to increase edible food waste recovery by 20%. SB 1383 gives CalRecycle the authority to fine jurisdictions up to \$10,000 each day for each violation failing to comply with regulatory requirements developed by CalRecycle.

CalRecycle has estimated the Statewide cost of implementing SB 1383 at \$40 billion through 2030, which requires investments in new programs, staffing and infrastructure. CalRecycle also estimated that achievement of SB 1383's organic waste landfill disposal

reduction goals will require an additional 250 new composting and anaerobic digestion facilities statewide by 2030, necessitating capital investments of \$1.7 to \$3.7 billion.

Los Angeles County has an estimated infrastructure capacity shortfall of nearly 5 million tons each year of organic waste processing capacity. An estimated 80 new anaerobic digestion and composting facilities, each processing 150 to 200 tons per day, will be needed to recycle organic waste generated in Los Angeles County. Developing this capacity would require a capital investment of at least \$500 million to \$1 billion.

While the proposed investments in the Governor's May Revision of the proposed State Budget are certainly welcome, they fall short of the investments needed Statewide to support recycling, including organic waste recycling and edible food recovery and achieve the State's 75% recycling goal and the organic waste landfill disposal reduction goals of SB 1383. Also, while solid and organic waste recycling loans and grants are cost-effective ways to reduce greenhouse gas emissions, it is critical for the State to provide capital investment for infrastructure.

Next Steps

In addition to the Governor's proposal, both the State Assembly and Senate release their own Fiscal Year 2021-22 budget proposals. The Senate's proposal included \$200 million in funding from the Greenhouse Gas Reduction Fund for CalRecycle to distribute to local jurisdictions for implementation of SB 1383. Next, all three parties will engage in negotiations to develop a final budget package, which must be passed by midnight on June 15.

Additional details on the Governor's May Revision are available at ebudget.ca.gov.