

EQUITABLE AND BROAD-BASED RECOVERY

As it recovers from the COVID-19 Recession, California will continue to leverage what is unique to the state—a culture of innovation, a world-class educational system, a commitment to climate science, and a strong and skilled workforce.

The COVID-19 Pandemic and the resulting recession brought a halt to more than ten years of economic growth and ushered in a nationwide recession in February 2020. California's unemployment rate increased from a record low of 3.9 percent in February to a record high of 16.4 percent in April and May. The pandemic also exacerbated underemployment; the percentage of the working age population in the labor force decreased from 62.3 percent in the first quarter of 2020 to 59.8 percent in the second quarter, as parents and others dropped out of the workforce. Almost half of all leisure and hospitality workers, typically a low-wage sector, lost their jobs; higher wage sectors such as professional and business services largely were able to shift to working from home. There were still 1.4 million fewer employed Californians in November than in February. Before the recent federal COVID-19 relief bill, the Coronavirus Response and Relief Supplemental Appropriations Act was enacted in late December, millions of Californians were expected to lose needed unemployment insurance or other forms of support starting at the end of 2020.

Many businesses struggling now can return to profitability in the future as the economy recovers from the COVID-19 Pandemic. There will also be other opportunities for growth, but the pattern of jobs will likely be different, as will the types of businesses that are poised for growth.

EQUITABLE AND BROAD-BASED RECOVERY

The Budget proposes a broad-based recovery package to support businesses, individuals and job creation both during the pandemic and as the state recovers. It totals \$14 billion, including \$3.5 billion in immediate relief for individuals and small businesses disproportionately impacted by the pandemic. This package will support the next generation of innovators, and help prepare the workforce for the jobs of the future. Given the urgent need, the Administration proposes that the Legislature take action in early 2021 on the majority of the package. It is summarized in the table below.

Equitable and Broad-Based Recovery Package

(Dollars in Thousands)

Immediate Relief	2020-21	2021-22	Total	Timing
Golden State Stimulus	\$ 2,400,000	\$ -	\$ 2,400,000	Early Action
1st Round of Small Business Grants	\$ 500,000	\$ -	\$ 500,000	DREOA
2nd Round of Small Business Grants	\$ 550,000	\$ -	\$ 550,000	Early Action
Fee Waivers	\$ 70,600	\$ -	\$ 70,600	Early Action
Cultural Institutions Grants	\$ 25,000	\$ -	\$ 25,000	Early Action
Immediate Relief Total	\$ 3,545,600	\$ -	\$ 3,545,600	
California Jobs Initiative				
<u>Jobs and Regional Development</u>				
Increase CalCompetes Tax Credits*	\$ 90,000	\$ 90,000	\$ 180,000	Early Action
CalCompetes Grant Program	\$ 250,000	\$ -	\$ 250,000	Early Action
<u>Small Businesses</u>				
Main Street Small Business Tax Credit*	\$ -	\$ 100,000	\$ 100,000	2021 Budget
California Dream Fund	\$ 35,000	\$ -	\$ 35,000	Early Action
California Rebuilding Fund	\$ 12,500	\$ -	\$ 12,500	DREOA
IBank's Small Business Finance Center	\$ -	\$ 50,000	\$ 50,000	2021 Budget
Small Business Loan Guarantees	\$ -	\$ 50,000	\$ 50,000	2021 Budget
<u>Climate Innovation</u>				
California Alternative Energy and Advanced Transportation Financing Authority Sales Tax Exclusion*	\$ -	\$ 100,000	\$ 100,000	2021 Budget
California Jobs Initiative Total	\$ 387,500	\$ 390,000	\$ 777,500	
Workforce Development				
<u>Higher Education</u>				
California Institutes for Science and Innovation	\$ -	\$ 20,000	\$ 20,000	2021 Budget
UC Programs in Medical Education (PRIME)	\$ -	\$ 12,900	\$ 12,900	2021 Budget
Computing Talent Initiative	\$ -	\$ 10,000	\$ 10,000	2021 Budget
Work-Based Learning (Prop 98)	\$ -	\$ 20,000	\$ 20,000	2021 Budget
California Apprenticeship Initiative (Prop 98)	\$ -	\$ 15,000	\$ 15,000	2021 Budget
Workforce Development and Higher Education	\$ -	\$ 250,000	\$ 250,000	2021 Budget
<u>Labor</u>				
Apprenticeship Programs	\$ 25,000	\$ -	\$ 25,000	Early Action
Workforce Development Total	\$ 25,000	\$ 327,900	\$ 352,900	
Other				
Schools Reopening	\$ 2,000,000	\$ -	\$ 2,000,000	Early Action
Schools Extended Learning Time	\$ 4,557,000	\$ -	\$ 4,557,000	Early Action
Housing	\$ 250,000	\$ 250,000	\$ 500,000	Early Action/2021 Budget
Deferred Maintenance	\$ -	\$ 300,000	\$ 300,000	2021 Budget
Agriculture Package	\$ 162,400	\$ 222,200	\$ 384,600	Early Action/2021 Budget
Climate Catalyst Fund: Forest Resilience	\$ 47,000	\$ -	\$ 47,000	Early Action
Zero-Emission Vehicle Package	\$ 239,000	\$ 226,000	\$ 465,000	Early Action/2021 Budget
Zero-Emission Vehicle Securitization	\$ -	\$ 1,000,000	\$ 1,000,000	2021 Budget
Other Total	\$ 7,255,400	\$ 1,998,200	\$ 9,253,600	
Equitable and Broad-Based Recovery Total	\$ 11,213,500	\$ 2,716,100	\$ 13,929,600	

*The actual General Fund impact will be spread over multiple fiscal years.

In addition to the other immediate relief for individuals and small businesses, the California Jobs Initiative and workforce development proposals described in this Chapter, the \$14 billion recovery package also includes the following components:

- **Safe Reopening of Schools**—Early action to support the safe return to in-person instruction will not only address the learning gap, but will allow parents who have been shouldering a heavy burden during the distance learning model to return to the workforce or regain full-time employment. The Budget includes \$2 billion for the safe reopening of schools beginning in February. See the K-12 Education Chapter for more information.
- **Student Learning Measures**—The Budget also proposes early legislative action on \$4.6 billion Proposition 98 General Fund for extending learning time, including summer school programs and other strategies to address the pandemic's impacts on student learning. See the K-12 Education Chapter for more information.
- **Zero-Emission Vehicle Investments**—The Budget includes \$465 million for zero-emission vehicles, to spur economic activity while supporting the state's zero-emission targets. The Budget also includes the securitization of approximately \$1 billion in future revenues for job-creating construction of electric vehicle charging and hydrogen fueling stations necessary to accelerate zero-emission vehicle adoption. See the Climate Change Chapter for more information.
- **Infill Infrastructure Grant Program**—The Budget includes \$500 million one-time General Fund, \$250 million for early action by the Legislature, to create jobs and long-term housing development. See the Housing and Homelessness Chapter for more information.
- **Agricultural Investments**—Recognizing that many agricultural sectors continue to struggle during the pandemic, the Budget includes a total of \$384.6 million to support farmers with technical assistance, regulatory changes, and climate smart agriculture investments. See the Sustainable Agriculture Chapter for more information.
- **Deferred Maintenance**—Maintenance of the state's existing infrastructure provides jobs to Californians. The Budget includes \$300 million one-time General Fund for the most critical statewide deferred maintenance, including greening of state infrastructure. See the Climate Change Chapter and the 2021 Five-Year Infrastructure Plan for further information.

Government investment in infrastructure projects also creates good jobs. While not enumerated in the recovery package, the Budget also includes \$10 billion—and a total of \$52 billion over the next five years—for state infrastructure such as highways, roads, High-Speed Rail, state buildings, and K-14 school buildings and will include the

acceleration of projects to the extent practicable. See the Infrastructure section below and the 2021 Five-Year Infrastructure Plan for further information.

IMMEDIATE RELIEF FOR INDIVIDUALS AND BUSINESSES

Even with the recent additional federal COVID-19 relief funding, Californians continue to face significant hardships—especially those with the lowest income levels who have been hardest hit by the COVID-19 Recession. The state will continue to work with Congress and the incoming Administration to advance the state's priorities for future stimulus packages, including additional support for state and local relief along with the flexibility to prioritize how the funds are used to address gaps in federal assistance and increases in programs to support those facing the greatest hardships.

The Budget includes additional state actions to provide immediate relief to low-income families, small businesses, and nonprofits that have been hardest hit by the pandemic. These proposals are for immediate action by the Legislature in early 2021.

GOLDEN STATE STIMULUS

As discussed in the Revenue Estimates Chapter, the Golden State Stimulus is a tax refund for low-income households intended to provide cash support to families who are most likely to have suffered economically from the COVID-19 Pandemic. Regardless of income, all Californians pay a variety of taxes, including on the purchase of taxable goods. Totalling \$2.4 billion, this proposal would refund \$600 of those taxes to all 2019 taxpayers who received a California Earned Income Tax Credit (Cal EITC) in 2020 as well as to 2020 taxpayers with individual tax identification numbers (ITINs) who receive a Cal EITC in 2021.

Focusing on EITC recipients allows for a timely identification and location of the population that likely started 2020 with few resources. Lower-wage workers also disproportionately lost their jobs during the pandemic. The payments would be sent mostly in February and March of 2021 (ITIN taxpayers would receive the additional tax refund after they file their 2020 tax return, typically in February through April of 2021). The timing of these refunds is meant to help low-income households immediately with expenses like food and rent.

SMALL BUSINESS GRANTS

In November, the Administration and the Legislature announced the creation of an emergency COVID-19 Relief Grant Program with a \$500 million one-time General Fund allocation. The program is administered by the California Office of the Small Business Advocate (CalOSBA) within the Governor's Office of Business and Economic Development (GO-Biz) for small businesses that have been impacted by the COVID-19 Pandemic and the related health and safety restrictions.

Grants up to \$25,000 will be distributed across the state, with priority given to regions and industries impacted by health and safety guidance and stay-at-home orders, disadvantaged communities, and underserved small business groups.

Relief is critical to small business retention and is more effective with layered support. CalOSBA's selected intermediary will partner with a statewide network of mission lenders and nonprofits with strong connections to the targeted small businesses to provide an equitable distribution and additional wrap-around services including loans and technical assistance.

To provide continued assistance to small businesses and nonprofits, the Budget includes an additional \$550 million one-time General Fund allocation for relief grants to impacted small businesses and nonprofits. This additional investment will bring total investments to \$1.05 billion to help meet the expected demand.

CULTURAL INSTITUTIONS

Cultural institutions have a mission to engage in the conservation, interpretation and dissemination of cultural, scientific, and environmental knowledge, and promote activities meant to inform and educate Californians on associated aspects of culture, history, science, and the environment. Smaller cultural institutions, including museums and art galleries, have been constrained by the COVID-19 Pandemic in their ability to educate the community and remain financially viable. The Budget includes \$25 million one-time General Fund to provide grants to the smallest cultural institutions in the state that have been impacted by the pandemic.

FEE WAIVERS FOR COVID-19 IMPACTED BUSINESSES

The Budget includes \$70.6 million one-time General Fund to provide fee waivers to individuals (including barbers, cosmetologists, and manicurists) and smaller entities

(restaurants and bars) heavily impacted by health and safety restrictions imposed in response to the pandemic. Licensees of the Board of Barbering and Cosmetology will receive relief from annual license renewals over the next two-year renewal period. Restaurants and bars will also be eligible for fee waivers in 2021.

CALIFORNIA JOBS INITIATIVE

More businesses start in California than anywhere else in the United States, including many green technology businesses. Many of California's new businesses have gone on to become industry leaders, a direct result of the state's world-class colleges and universities, state-of-the-art laboratories, skilled workforce, and the state's commitment to combating climate change.

In order to support California business owners as they reopen their doors, rehire staff, and expedite the state's economic recovery, the Administration proposes the California Jobs Initiative. This initiative focuses on job creation and retention, regional development, small businesses, and climate innovation.

JOBS AND REGIONAL DEVELOPMENT

INCREASED INVESTMENT IN CALCOMPETES

The California Competes Tax Credit (CalCompetes) has been in effect since 2014 and incentivizes businesses to locate in California or to stay, grow, and create quality full-time jobs in the state. Since its inception, the Governor's Office of Business and Economic Development (GO-Biz) has awarded nearly 1,100 businesses over \$1.2 billion in tax credits for commitments to create 124,000 new, full-time jobs and made over \$24 billion in capital investments in the state. The total credit amount is capped at \$180 million per year plus any unallocated or recaptured credits from the prior year. The competitive allocation is based on twelve different factors, including the number of full-time jobs created and whether the jobs are at risk of being created in another state. The CalCompetes credit is a non-refundable tax credit. If a business earns a credit (by achieving all of its contractual milestones for that tax year) in a particular year and the earned credit exceeds the business' current year tax liability, the business receives no immediate benefit from the excess credit, but the excess credit can be carried forward to offset tax in six subsequent tax years.

In recent years, the CalCompetes program has received applications far in excess of available credits. As California recovers from the COVID-19 Recession, the Budget

increases the amount of credit available for allocation by \$90 million in both 2020-21 and 2021-22 for a total of \$270 million per year. This will provide additional incentives to accelerate job creation in the state. This is part of a package of proposals on which the Administration requests the Legislature take early action in 2021.

INCREASED INVESTMENT IN CALIFORNIA'S BUSINESSES

The CalCompetes program has demonstrated tremendous success, but more needs to be done given the historic COVID-19 Pandemic. The Budget includes \$250 million one-time General Fund to increase business investment in California. This is part of a package of proposals on which the Administration requests the Legislature take early action in 2021. This funding will establish a grant component of CalCompetes with a more targeted focus. To be eligible for a grant, businesses will need to meet one or more of the following criteria: establish at least 500 net new jobs; make a significant infrastructure investment; commit to a high-need, high-opportunity area of the state; or receive a designation from the Director of GO-Biz that the application is a strategic priority of the state. Similar to the CalCompetes Tax Credit program, applicants will be brought to the CalCompetes Committee for approval.

Establishing a grant component in CalCompetes will expand the pool of businesses that can benefit from the program. There are three types of businesses that would benefit from grants: (1) companies that continuously reinvest profits into the business, generating either significant research and development tax credits and/or net operating losses (NOLs) resulting in little to no tax liability; (2) smaller businesses with relatively low income tax liability; and (3) startups with little to no tax liability.

A CalCompetes grant program is an additional incentive for businesses conducting multi-state site selection analyses for future growth, and is intended to improve the quality of the applicant pool in terms of job creation.

The new program will dedicate at least \$50 million of the \$250 million one-time General Fund to high-need, high-opportunity areas of the state.

SMALL BUSINESSES

Small businesses are critical drivers of economic growth and mobility—creating two-thirds of net new jobs, building wealth in communities, and innovating to solve global problems. California's 4.1 million small businesses represent 99.8 percent of all businesses and employ 48.5 percent of the private workforce. The COVID-19 Pandemic and its related economic impact have transformed the landscape of California's small

businesses. Opportunities exist for new business creation as entrepreneurs and small businesses innovate. The Budget includes several investments to assist small businesses in recovery and future growth and innovation.

MAIN STREET SMALL BUSINESS TAX CREDIT

Chapter 41, Statutes of 2020 (SB 1447) was enacted in September 2020 and created a hiring credit against California state income taxes or sales and use taxes for qualified small business employers. This credit is capped at an aggregate amount of \$100 million and is intended to help struggling small businesses. It also encourages hiring new employees and rehiring former employees. The Budget allocates an additional \$100 million in 2021-22 to create a similar hiring credit.

MITIGATING THE SALT DEDUCTION LIMITATION FOR S-CORPORATIONS SHAREHOLDERS

The Budget contains a provision that allows S-corporation shareholders a credit against tax equal to 13.3 percent of their S-corporation income in order to help them recoup some of the tax benefits lost by Californians when the State and Local Tax (SALT) deduction was limited as part of the 2017 federal Tax Cut and Jobs Act. The Elective S-corporation Tax is expected to on net to produce a revenue gain between \$0 and \$20 million starting in 2021-22.

THE CALIFORNIA DREAM FUND

The COVID-19 Pandemic has produced unprecedented market fluctuation, causing lenders and their investors to tighten restrictions on credit and reduce available capital, especially in higher-risk industries impacted by the pandemic. People of color, women and immigrants are the backbone of the state's economy, but these communities have historically had trouble accessing capital, particularly during volatile markets.

For illustrative purposes, based on 2012 census data, one report provides the following example: if the number of people of color and women-owned businesses matched their percentage of the labor force, and if their business revenues equaled traditional firms, they could have produced \$6.8 trillion in gross receipts nationwide—nearly three times their actual output of \$2.4 trillion in that year. Addressing this systemic inequity is critical as California is one of the most diverse states in the country with people of color accounting for 63 percent of the state's population.

The Budget includes \$35 million one-time General Fund to support micro-grants up to \$10,000 to seed entrepreneurship and small business creation in underserved groups that are facing opportunity gaps. These California Dream Fund startup grants will be

made available through small business technical assistance centers to eligible startups actively participating in trainings and advisory services to help provide greater acceleration rates and successful outcomes. This is part of a package of proposals on which the Administration requests the Legislature take action early in 2021.

IBANK'S SMALL BUSINESS FINANCE CENTER AND THE CALIFORNIA REBUILDING FUND

The California Infrastructure and Economic Development Bank's (IBank) Small Business Finance Center manages small business loan and disaster loan guarantees, Climate Tech guarantees, and direct lending programs such as Jump Start start-up loans; in addition, it can quickly add new programs aimed at small businesses. These programs provide financial assistance needed by small businesses and will contribute to the long-term recovery of California's economy.

The 2020 Budget Act provided \$25 million one-time General Fund as the anchor investment to help create the California Rebuilding Fund, intended to aggregate funding from private, philanthropic, and public sector sources to address the capital needs of California's small businesses as they reopen and recover from the impacts of the COVID-19 Recession. The California Rebuilding Fund is intended to serve the smallest of small businesses that make up an essential part California's economy. With recent state commitments of up to \$37.5 million, including the additional allocation of \$12.5 million one-time General Fund announced by the Administration on November 30, 2020, the Fund is expected to provide over \$125 million of capital available for loans to small businesses.

The Budget includes \$50 million one-time General Fund to use across IBank's programs, with a focus on programs that benefit underserved businesses in California.

IBANK SMALL BUSINESS LOAN GUARANTEE PROGRAM

Originally funded by the General Fund and the State Small Business Credit Initiative (SSBCI) created by the federal Small Business Jobs Act of 2010, the Small Business Loan Guarantee Program is the principal program of the Small Business Finance Center. The \$84 million authorization from SSBCI received in 2011 was used to guarantee up to 80 percent of loan amounts in support of small businesses and funds continue to revolve and serve thousands of additional small businesses through this year.

However, the program is approaching full capacity and requires additional funding. The current funds available for small business guarantees (from the IBank Small Business Loan Guarantee Program) will be fully leveraged by Summer 2021. The Budget includes \$50 million one-time General Fund so this program can continue to provide loans as

businesses recover from the COVID-19 Recession. This will be leveraged to provide up to \$250 million in loans. This program is utilized by larger small businesses with larger loan sizes (average amount of \$500,000 or more).

The IBank funding discussed in this Chapter will assist small business recovery once the influx of grants at the federal and state level are fully utilized.

CLIMATE INNOVATION

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY (CAEATFA) SALES TAX EXCLUSION

The CAEATFA offers sales and use tax exclusions to innovative manufacturers that promote alternative energy and advanced transportation. To encourage economic development along with the development of green technologies, the Budget proposes an additional one-time investment of \$100 million in 2021-22 to the CAEATFA sales tax exclusion program.

CLIMATE CATALYST FUND

The 2020 Budget Act included statutory changes to establish the Climate Catalyst Fund, a financing tool to provide revolving loans for climate-related projects. The Budget includes \$47 million one-time General Fund in 2020-21 in the wildfire and forest resilience package and \$50 million one-time General Fund for agriculture-specific activities (i.e., methane reduction projects; equipment replacement; water efficiency; healthy soils; and energy efficiency for food processing) that will be deposited for use in the Climate Catalyst Fund. For additional information, see the Climate Change and Sustainable Agriculture Chapters.

WORKFORCE DEVELOPMENT

While exacerbating trends have been underway for years, the pandemic has increased the need for worker training programs—many new jobs may require more telework, and will necessitate the development of new skills. In many cases, getting Californians back to work after the COVID-19 Pandemic will require additional workforce retraining opportunities and further coordination between California's universities, colleges, community colleges, and local workforce partners. To address this need, the Budget includes one-time and ongoing investments totaling \$332.9 million General Fund and

\$35 million Proposition 98 General Fund, as specified below, in areas that will support an equitable recovery.

SUPPORTING LINKAGES BETWEEN HIGHER EDUCATION AND EMPLOYMENT OPPORTUNITIES

As referenced in the Higher Education Chapter, the Budget sets aside \$250 million one-time General Fund to support forthcoming proposals that are focused on workforce development, segment alignment, and improving linkages between higher education institutions and employers.

EXPANDING WORK-BASED LEARNING OPPORTUNITIES

As referenced in the Higher Education Chapter, California's Community Colleges are central to training and developing the skilled workforce needed for the state to meet its ever-changing workforce needs and the state must prepare students with the skills needed by employers not only today, but into the future. The Budget includes \$35 million Proposition 98 General Fund to support the following investments in work-based learning:

- \$15 million ongoing Proposition 98 General Fund to augment the California Apprenticeship Initiative which supports the creation of apprenticeship opportunities in priority and emerging industry sectors.
- \$20 million one-time Proposition 98 General Fund to expand work-based learning models and programs at community colleges, including working with faculty and employers to incorporate work-based learning into curriculum.

OTHER HIGHER EDUCATION INVESTMENTS SUPPORTING WORKFORCE DEVELOPMENT

As referenced in the Higher Education Chapter, the Budget reflects the following higher education workforce development related proposals:

- Connecting Student Learning Objectives with Workforce Needs—Given the proposed investments in the California Community Colleges, California State

University, and University of California, the Administration expects the segments to better connect student learning objectives to workforce and industry needs.

- California Institutes for Science and Innovation—The Budget provides \$20 million one-time General Fund to four science and innovation institutes established on University of California campuses to support stipends for students over a five-year period and for research teams to link with industry partners to better align educational programs with workforce needs.
- UC Programs in Medical Education (PRIME)—The Budget provides \$12.9 million ongoing General Fund to support and expand existing UC Programs in Medical Education and to establish a new UC Program in Medical Education focused on Native American communities. The University of California is also encouraged to use these funds to support PRIME programs that would serve underrepresented areas of the state, and may establish additional PRIME programs that are state priorities.
- Computing Talent Initiative—The Budget provides \$10 million one-time General Fund to the California State University, Monterey Bay to support the Computing Talent Initiative. The Initiative will support a computer science acceleration program that will guide several cohorts of underrepresented computer science college students through a series of educational and employment-related modules and workshops, and help connect these students with industry professionals who can help them obtain employment in the sector.

LABOR AND WORKFORCE DEVELOPMENT PROGRAMS

As referenced in the Labor and Workforce Development Chapter, the Budget proposal, upon which the Administration is asking the Legislature to take early action, includes an expansion of the High Roads Training Program. An additional \$25 million one-time General Fund through the California Workforce Development Board will provide over 2,000 new apprenticeships and pre-apprenticeships to support the state's economic recovery. The proposal includes:

- Construction—\$8.5 million to expand construction apprenticeship and multi-craft pre-apprenticeship programs that will result in approximately 650 jobs.
- Forestry and Agriculture—\$6.5 million for training center jobs with utility tree contractors for wildfire prevention, resulting in 500 jobs.

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- Healthcare—\$4 million to expand training for allied health roles to address COVID-19-related health care needs, including respiratory technicians and medical assistants, and a pilot for Registered Dental Assistants in partnership with the California Dental Association, resulting in 350 jobs.
- Trade and Logistics—\$4 million through Youth Works for a pilot training partnership program for youth in Ontario, Los Angeles, Visalia, and the Bay Area, resulting in 500 jobs.
- Information Technology—\$2 million to expand cybersecurity apprenticeships with public and private employers, resulting in 200 jobs.

INFRASTRUCTURE

The Administration recognizes the important role that infrastructure investments make in promoting economic stimulus. While many capital projects were paused in 2020 due to fiscal uncertainties related to the COVID-19 Pandemic, the 2021 Five-Year Infrastructure Plan (Plan) demonstrates renewed commitment to these investments as a contributor to California's economic recovery.

In addition to statewide investments in climate resilience and broadband programs, the Plan proposes \$52 billion in state infrastructure over the next five years, with investments in projects to renovate state office buildings, state hospitals and correctional facilities, and to replace fire stations and courthouses, among others. These investments in core state infrastructure will create jobs to support economic growth and recovery.

In addition, the Administration continues to prioritize economic recovery and investments in California's transportation infrastructure. The Department of Transportation (Caltrans) has continued to use new transportation revenues to accelerate construction projects and support job creation in the transportation sector. Caltrans estimates that approximately 11,000 jobs are created for every billion dollars spent on highway infrastructure. The California Transportation Commission invested \$22 billion for more than 1,200 projects in 2020, which created thousands of jobs. The projects funded will support a safe, sustainable transportation system that reduces congestion, improves the environment, and facilitates job creation and economic development throughout the state.

Nearly 40 percent of the funds approved by the Commission during the past year come from SB 1, the Road Repair and Accountability Act of 2017, which increased and stabilized state transportation funding. Since this legislation became law, project

allocations made by the Commission from all state and federal sources have generated an estimated 350,000 jobs. While fuel tax revenues used to fund transportation projects have leveled off temporarily due to reduced travel during the COVID-19 Pandemic, the Budget maintains current planning and engineering staffing levels to continue developing and designing previously programmed projects. Not only does Caltrans plan to award all of the projects it currently has programmed for construction in the coming year, but the continued project development work will support preparedness as additional stimulus funding becomes available.

While these state infrastructure investments are important, the federal government needs to provide additional funding for public works projects to assist with a swift recovery.

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