

May 26, 2026

President pro Tempore Monique Limón
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Speaker Robert Rivas
California State Assembly
1021 O Street, Suite 8330
Sacramento, CA 95814

Honorable John Laird
Chair, Senate Committee on Budget and Fiscal
Review
1021 O St., Suite 8720
Sacramento, CA 95814

Honorable Jesse Gabriel
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, CA 95814

Honorable Eloise Gómez Reyes
Chair, Senate Budget Subcommittee No. 2
1021 O Street, Suite 7210
Sacramento, CA 95814

Honorable Steve Bennett
Chair, Assembly Budget Subcommittee No. 4
1021 O Street, Suite 4710
Sacramento, CA 95814

Re: 2026-27 State Budget Priorities: May Revise Update

Dear President pro Tempore Limón, Speaker Rivas, Budget Chairs Laird and Gabriel, and Subcommittee Chairs Gómez Reyes and Bennett:

On behalf of the Association of California Water Agencies (ACWA), I am writing to encourage the legislature to increase funding for water and related natural resource issues in the 2026-27 budget and provide support for some proposed changes in the May Revise. ACWA represents approximately 470 public water agencies that are collectively responsible for 90 percent of the water delivered to communities, farms, and businesses in California. Specifically, this letter addresses the following:

1. Proposition 4 Allocations and Proposed Distribution Strategies
2. Greenhouse Gas Reduction Funding for Wildfire and Safe and Affordable Drinking Water
3. Support for Proposition 1 Redistribution
4. Support for the Healthy Rivers and Landscapes Program
5. Environmental Position Cuts

1. Proposition 4 Allocations and Proposed Distribution Strategies

California's changing climate creates increased risks of drought, flood, intense rain events, and sea level rise that will present unique challenges to public water agencies and their ability to reliably provide water to California's farms and cities. The State is currently underprepared to manage a water system with a decreasing snowpack, less frequent precipitation, and increasing weather extremes. Adapting to climate change will require California to urgently and significantly rehabilitate and modify existing water facilities, improve operational flexibility, and make generational investments in water infrastructure.

Given California’s current budget, there are few opportunities for the State to financially support this critical work. Implementation of Proposition 4 on an expedited basis is one of the tools the Legislature has at its disposal. Given this limited resource, we ask that the Legislature work to expend these funds and look toward future sustainable funding for water and natural resource needs.

In February, the Legislature supported AB 107 (Gabriel) which exempted Proposition 4 funding in the 2025-26 budget from the Administrative Procedures Act (APA). ACWA supported that effort and continues to support AB 35 by Assemblymember Alvarez to exempt future allocations from the APA. This exemption is part of why ACWA believes State Agencies can administer a greater level of funding than what was included in the Administration’s initial proposal in January. The APA requirement was creating a significant backlog and workload for agencies working on grant solicitations, and without this additional burden, funding can be granted much more expeditiously.

Safe Drinking Water Chapter

Below is a chart showing each program in the Safe Drinking Water chapter where ACWA is advocating for a specific allocation. ACWA’s recommendation is in the far right column. Below this table is some commentary on a couple specific proposals in the Administration’s budget proposal.

Safe Drinking Water, Drought, Flood, Water Resilience					
(Dollars in Millions)					
Purpose	Implementing Department(s)	Bond Total	Final 2025-26 Allocation	Administration Proposed 26-27 Allocation	ACWA Proposed 26-27 Allocation
Water quality, safe drinking water	State Water Resources Control Board (State Water Board)	585	183	160	201
Dam safety	Department of Water Resources (DWR)	480	232	2	124
Urban stormwater management	State Water Board	110	1	39	Support Admin Proposal
Integrated regional water management	DWR	100	0.5	2	50
Water reuse and recycling	State Water Board	386	153	78	116.5
Groundwater management	DWR	386	30	20	178
Brackish desalination, salinity management	DWR	63	0.2	0.6	62.8
Regional conveyance projects and repairs	DWR	75	2.7	69	Support Admin Proposal
Water conservation—agricultural and urban	DWR	75	0.3	1	74.7
Multibenefit Land Repurposing Program	Department of Conservation	200	32	65	84

Administration Proposed Combining of Prop. 4 Programs

The Administration is proposing to combine the funding for Integrated Regional Water Management and Water Conservation in Agriculture and Urban Areas. The program is still in development, but the Department of Water Resources (DWR) plans to use the initial year to focus on scoping a grant program

for both these categories as a single program. DWR shared a Survey for Public Input that closed on March 6, to receive public feedback and ensure the program is designed to effectively support watershed-scale solutions, local priorities, equity considerations, and climate resilience goals across California.

We are concerned about water efficiency getting overlooked and about grant applicants potentially competing against themselves with different types of projects. If suppliers are eligible across multiple categories in a merged program, the same agency could end up submitting competing applications or having to choose between funding streams that are currently meant to complement each other.

Wildfire and Forest Resilience Chapter

ACWA members are actively engaged in wildfire prevention and forest health projects across the state, often participating through regional collaboration efforts. There are significant needs for wildfire prevention activities across the state from the mountainous regions to the coast and in between. The total allocation for this Chapter is \$314 million contributing to the second-lowest overall allocation for wildfire funding by the Legislature this decade. ACWA supports an increase in the overall allocation to \$500 million to meet the urgent need for greater investment in wildfire resilience. While the proposed \$314 million for wildfire programs—including local fire prevention grants, defensible space, and regional capacity building—is an important down payment, it is nearly half of last year’s wildfire allocation. Given the pressure on other funding sources, robust investment of Proposition 4 dollars this year is all the more important. Specifically, ACWA strongly supports funding for the Regional Forest and Fire Capacity Program at the Department of Conservation and the Wildfire Mitigation Grant Program at the California Office of Emergency Services.

California Smart Agriculture

ACWA appreciates and supports the continued funding as proposed by the Administration for both the soil health and carbon sequestration funding category as well as the state water efficiency and enhancement program.

2. Greenhouse Gas Reduction Funding for Wildfire and Safe and Affordable Drinking Water

Following the reauthorization of the Cap-and-Invest program, the Legislature voted to restructure the Greenhouse Gas Reduction Fund (GGRF) by creating tiers of priorities for funding. The two funding categories ACWA strongly supports are the Safe and Affordable Funding for Equity and Resilience (SAFER) program and healthy and resilient forest activities. Both categories were placed in the third tier despite their critical value. Both were previously statutorily guaranteed funding areas through the end of the decade, and are both now proposed for cuts. In the January budget proposal, these programs were slated to be reduced fairly significantly with SAFER being cut from \$130 to only \$92 million and wildfire being cut from \$200 to only \$141 million. Based on the revised revenue projections for GGRF, these programs are being cut nearly in half from their previous allocations. We would ask that the Legislature restore the funding for both SAFER and wildfire activities in the GGRF or through other budget resources.

3. Support for Proposition 1 Redistribution

The Administration included a redistribution of \$76.7 million of Proposition 1 funds that were previously set aside for potential bond costs. The funding is proposed to be distributed across a number of

important categories including water storage projects, water recycling, and flood risk reduction, among others. This proposal shows a strong commitment to fiscal stewardship by the State and in a year where funding for natural resources is scarce, this is an important tool the Legislature can support.

4. Support for the Healthy Rivers and Landscapes Program

ACWA strongly supports the Governor's May Revise proposal to allocate \$25 million in support of the State's commitments under the Healthy Rivers and Landscapes (HRL) Program. Local public water agencies are also committing \$680 million through self-assessed fees in support of the HRL Program which is transforming California's waterways by restoring habitat across the Bay-Delta Watershed. We have submitted a more detailed discussion of the program and its significant benefits both for water users and the environment under separate cover, but urge the Legislature to support this \$25 million investment in habitat health, increased environmental flows, and science through the HRL Program.

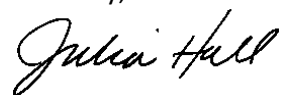
5. Maintain Special Fund Environmental Staff Positions

The Governor's budget for 2026-27 includes the elimination of approximately 349 open positions at state environmental agencies that were rejected by the Joint Legislative Budget Committee (JLBC). Of the 349, 216 of these positions receive special funding, making their elimination irrelevant to the General Fund savings the Administration is seeking to achieve. The two agencies of special interest for ACWA are the State Water Resources Control Board (State Water Board) and the California Department of Fish and Wildlife (CDFW). The State Water Board proposed position cuts include 13 General Fund and 35 Special Fund positions; CDFW position cuts include 31 General Fund and 46 Special Fund Staff.

ACWA supports the recommendation of JLBC, and would request that the Legislature reject the Administration's proposal to eliminate these critical positions. The elimination of Special Fund staff is especially concerning as these staff are typically paid from accounts funded by the regulated community to provide oversight and permitting. Specifically, the majority of open positions slated to be eliminated from the State Water Board are positions related to permitting, including compliance with the state and federal Clean Water Acts. And at least 40 of the open positions at CDFW are permitting positions, which, if filled instead of eliminated, would provide more capacity at the department to issue permits associated with endangered species, streambed alteration, and California Environmental Quality Act compliance. The lack of staffing capacity at state permitting agencies is one of the biggest challenges public water agencies face when building and updating infrastructure. Permitting has been identified in multiple venues as one of the largest barriers to building projects faster. At a time when we know we need to move climate adaptation projects forward, it is counter-intuitive to eliminate permitting positions at the State Water Board and CDFW since they would directly help address this issue.

If you have any questions, please do not hesitate to contact ACWA's State Legislative Director, Julia Hall at JuliaH@acwa.com or 530-902-9746.

Sincerely,



Julia Bishop Hall
State Legislative Director
Association of California Water Agencies