

JIM NIELSEN
Vice-Chair

JOEL ANDERSON
JIM BEALL
TOM BERRYHILL
MARTY BLOCK
ELLEN M. CORBETT
LONI HANCOCK
HANNAH-BETH JACKSON
CAROL LIU
HOLLY J. MITCHELL
WILLIAM W. MONNING
MIKE MORRELL
RICHARD D. ROTH
NORMA TORRES
MARK WYLAND

California State Senate

COMMITTEE
ON
BUDGET AND FISCAL REVIEW

ROOM 5019, STATE CAPITOL
SACRAMENTO, CA 95814

Mark Leno, Chair

STAFF DIRECTOR
MARK IBELE

DEPUTY STAFF DIRECTORS
FARRA BRACHT
JENNIFER TROIA

CONSULTANTS
MICHELLE BAASS
CATHERINE FREEMAN
JULIE SALLEY-GRAY
SAMANTHA LUI
JOE STEPHENSHAW
BRADY VAN ENGELEN

COMMITTEE ASSISTANTS
SANDY PEREZ
MARY TEABO

(916) 651-4103
FAX (916) 668-7004



AGENDA

August 14, 2014
Upon Call of the Chair – Room 3191

<u>Measure</u>	<u>Author</u>	<u>Subject</u>
AB 1476	Committee on Budget	Budget Act of 2014
AB 1477	Committee on Budget	Human Services
AB 1478	Committee on Budget	Resources
AB 1479	Committee on Budget	Public Safety
AB 1480	Committee on Budget	Education Finance
AB 1481	Committee on Budget	Correctional Facility Construction

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	AB 1476
Author:	Committee on Budget
As Amended:	August 13, 2014
Consultant:	Farra Bracht
Fiscal:	Yes
Hearing Date:	August 14, 2014

Subject: Budget Act of 2014

Summary: This bill amends the Budget Act of 2014 by revising various items of appropriation and making other necessary changes.

Background: The Legislature passed the 2014 Budget Act (Chapter 25, Statutes of 2014, [SB 852]) on June 15, 2014. The legislation was signed by the Governor on June 20, 2014. This bill provides for certain technical adjustments to various budget items, clarifications of budget bill language, and additional appropriations.

Proposed Law: The bill provides for the following:

- 1) **K-12 Education Administrator Induction Programs.** Clarifies that \$600,000 in one-time carryover funds, provided to support administrator induction programs approved by the Commission on Teacher Credentialing (CTC), are to be transferred to the CTC by the Department of Education (CDE). Further, specifies that CDE shall not use any of the funds for indirect administrative costs.
- 2) **K-12 High-Speed Network.** Re-appropriates \$26.7 million to CDE, for allocation to the K-12 High-Speed Network, for specified activities related to Internet network connectivity.
- 3) **Special Education Expenditures.** Re-appropriates \$12.9 million for CDE to allocate to local educational agencies for special education-related expenditures. This action is necessary in order to implement the Legislature's approval of the Governor's proposed appropriation of \$12.9 million in one-time, rather than ongoing, Proposition 98 funds for special education.
- 4) **State Preschool Program Rate.** Specifies that the part-day, per-student rate for the state preschool program is \$22.28 per-day, rather than \$22.81. This reflects the five percent rate increase that was agreed upon as part of the 2014-15 budget (rather than a seven percent increase that was erroneously included).
- 5) **Child Care Facilities Revolving Fund.** Specifies that \$10 million in Proposition 98 General Fund for facilities-related loans to state preschool program providers must be transferred to the Child Care Facilities Revolving Fund. The amendment ensures that this funding remains in the revolving fund, rather than reverting.
- 6) **Regional Market Rate.** Clarify that the regional market rate, which is used to reimburse child care providers who accept vouchers, is set at the 85th percentile of the 2009 Regional Market Rate Survey, as reduced by a deficit factor of 10.11 percent. This amendment aligns the deficit factor to the amount of funding appropriated in SB 852 (Committee on Budget & Fiscal Review), Chapter 25, Statutes of 2014.

- 7) **Office of Planning and Research.** Eliminates \$5 million in funding from the Office of Planning and Research budget, for social innovation bonds designed to reduce prison recidivism. The \$5 million will be shifted to the Board of State and Community Corrections in AB 1479 (Budget), the public safety clean-up trailer bill, for the same purpose.
- 8) **Department of Transportation, Intercity Rail Contracts.** Increases the appropriation for the intercity passenger rail service operated by Amtrak to reflect the previously approved \$10.4 million increase in operating expenses.
- 9) **Judicial Branch.** Appropriates \$27 million from the Judicial Branch's Immediate and Critical Needs Account for preliminary plans and working drawings for the New Sacramento Court House.
- 10) **County Probation Departments.** Clarifies that additional funding provided to county probation departments is intended as a limited-term increase to address the population increase that resulted from the Three Judge Panel court issued order on February 10, 2014.
- 11) **University of California and California State University Sustainability Plans.** Clarifies goal-setting requirements of sustainability plans that must be developed by the University of California and California State University (CSU). In addition, specifies that the CSU is to submit the plan to the Governor and the Legislature by November 30, 2014. This requirement was inadvertently omitted from SB 852.
- 12) **California Community Colleges Student Equity Plans.** Clarifies provisional language by specifying that \$70 million is to be allocated by the California Community College's (CCC) pursuant to Student Equity Plans.
- 13) **California Community Colleges Matching Requirement.** Removes a dollar for dollar district match requirement for CCC architectural barrier removal. The Budget Act attempted to remove all matching requirements from the physical plant and instructional equipment categorical. This matching requirement was inadvertently left in SB 852.
- 14) **California Community Colleges Disabled Student Program.** Reduces the amount of CCC Disabled Student Program funding earmarked for education at state developmental centers from \$1.7 million to \$1 million. The number of centers that are funded through this program has been reduced from three to two.
- 15) **Employment Training Fund.** Appropriates \$10 million from the Employment Training Fund for the Employment Training Panel.
- 16) **State Vision Costs.** Appropriates \$878,000 (\$441,000 GF) to update vision costs in Item 9800, pursuant to the Affordable Care Act. These costs were mistakenly omitted from SB 852 when requesting increases for overall statewide healthcare costs.
- 17) **Information Technology Reporting Requirements.** Clarifies that planned risk/issue mitigation reporting requirements are the responsibility of the department implementing the information technology project, rather than the California Department of Technology.
- 18) **Environmental Justice Grants.** Clarifies funding for environmental justice grants, appropriated to the Secretary for Environmental Protection, is contingent upon revenues received.

- 19) **Marijuana Enforcement.** Clarifies that funds appropriated for marijuana enforcement, from the waste discharge permit fund, are subject to separate accounting.
- 20) **Intervenor Compensation.** Clarifies the appropriation related to intervenor compensation and allows for the appropriation of funding to Avondale Glen Elder Neighborhood Association.
- 21) **Groundwater Management.** Includes an appropriation for \$500,000 for Salinas Valley groundwater management that was inadvertently omitted from the budget bill.

Fiscal Effect: Contains various minor appropriations, corrects for a \$10.5 million under-appropriation, corrects an error made to a rate adjustment, and corrects certain other appropriations contained in the 2014-15 budget.

Support: Unknown.

Opposed: Unknown.

Comments: Not applicable.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	AB 1477
Author:	Committee on Budget
As Amended:	August 11, 2014
Consultant:	Samantha Lui
Fiscal:	Yes
Hearing Date:	August 14, 2014

Subject: Budget Act of 2014: Human Services Trailer Bill

Summary: Provides for statutory changes necessary to enact human services-related provisions of the Budget Act of 2014.

Background and Proposed Law: Assembly Bill 1477 makes statutory changes necessary to implement the Budget Act of 2014, including clarifications or corrections to errors made when the budget and the human services trailer bill (SB 855, Committee on Budget and Fiscal Review, Chapter 29, Statutes of 2014) were enacted in June 2014.

1. Community Care Licensing. SB 855 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2014, established a process for the Department of Social Services (DSS) to appoint a temporary manager or receiver to act as the provisional licensee of the community care facility, if DSS determines that residents of the facility are likely to be in danger of serious injury or death, and the immediate relocation of clients is not feasible. The temporary manager or receiver assumes operation of a facility to bring it into compliance; to facilitate a transfer of ownership to a new licensee; or, to assure the transfer of residents, if the facility is required to close.

AB 1477 clarifies that the unreimbursed costs to DSS for temporary management/receivership is grounds for monetary judgment in civil court and is a subsequent lien upon a facility's assets. The bill establishes that the authority to place a lien against specified property for reimbursement of any state funds must be given judgment creditor priority.

2. Approved Relative Caregiver Funding Option Program. Effective January 1, 2015, counties, who opt-in to the Approved Relative Caregiver Funding Program, must pay an approved relative caregiver a per child, per month rate, in return for the care and supervision of a federally-ineligible Aid to Families with Dependent Children-Foster Care (AFDC-FC) child placed with the relative caregiver, equal to the base rate paid to foster care providers for a federally-eligible AFDC-FC child, if the county has notified the department of its decision to participate in the program.

AB 1477 clarifies eligibility criteria for relative caregiver funding. Also, the bill clarifies that the CalWORKs grant includes federal funding and a county share-of-cost.

3. Group Home Moratorium. Existing law, as authorized by SB 1041 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2012, provides specified exceptions to the group home moratorium on group home applications and rate changes. AB 1477 includes fiscal year 2014-15 for which exceptions to the group home moratorium may apply.

4. CalWORKs Child Support Disregard. AB 1477 clarifies that the first \$50 of child support payments received each month, including income that is regularly anticipated, must be

disregarded as income and must not be deducted from the amount of aid for which the recipient would otherwise be eligible.

5. In-Home Supportive Services (IHSS). AB 1477 clarifies that an IHSS provider is authorized to work the recipient's adjusted weekly authorized hours, only if the adjusted hours do not result in exceeding the allowable number of hours worked that are compensable for overtime.

6. All-County Letters. AB 1477 authorizes Department of Social Services (DSS) to implement changes pertaining to CalFresh eligibility through all-county letters until regulations are adopted.

Fiscal Effect: The 2014 Budget Act includes \$5 million GF, split between Item 5180-151-0001 (\$3.3 million) and Item 5180-153-0001 (\$1.7 million), to establish Commercially Sexually Exploited Children Program. AB 1477 bill shifts the entire \$1.7 million appropriated in Item 5180-153-0001 to Item 5180-151-0001.

Support: Unknown.

Opposed: Unknown.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	AB 1478
Author:	Committee on Budget
As Amended:	August 11, 2014
Consultant:	Catherine Freeman
Fiscal:	Yes
Hearing Date:	August 14, 2014

Subject: Resources Omnibus Trailer Bill Technical Adjustments

Summary: This bill makes various technical adjustments to the resources, environmental protection, energy, and agriculture budget actions.

Background: As part of the 2014-15 budget package, AB 1466 makes various statutory changes to implement the budget act. Specifically, this bill makes the following technical changes:

1. Corrects various technical statutory references related to the drinking water program and provides appropriate liquidation periods as intended by the budget actions.
2. Clarifies that specified water and wastewater projects are eligible to receive funding from the State Water Pollution Control Revolving Fund.
3. Clarifies that \$10 million, previously appropriated to the Department of Housing and Community Development for housing-related drought relief, continues to be appropriated as provided in Chapter 3 of the Statutes of 2014
4. Provides a subaccount for greenhouse gas emission funding through the State Energy Conservation Assistance Account for purposes of tracking and provides that the loans within this program may be used by state agencies, including the University of California and California State University.
5. Includes an appropriation to the Natural Resources Agency for the purpose of implementing elements of the scoping plan adopted by the State Air Resources Board that was inadvertently omitted from the budget act.

Fiscal Effect: This bill should not result in any substantive changes to the budget act or related budget actions.

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to resources, environmental protection, energy, and agriculture.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	AB 1479
Author:	Committee on Budget
As Amended:	August 11, 2014
Consultant:	Julie Salley-Gray
Fiscal:	Yes
Hearing Date:	August 14, 2014

Subject: Public Safety trailer bill cleanup.

Summary: This bill contains the following clean up provisions:

1. Corrects a section reference error made in the public safety trailer bill that allows for the development of emergency regulations to expand CalFresh and CalWORKs to individuals formerly convicted of drug felonies.
2. Clarifies that the Board of Parole Hearings may send notifications to victims and the courts through the United States mail.
3. Shifts a \$5 million appropriation contained in the budget for social innovation financing from the Office of Planning and Research to the Board of State and Community Corrections (BSCC).

Background: The Legislature passed the public safety trailer bill (Chapter 26, Statutes of 2014, [AB 1468]) on June 15, 2014. The legislation was signed by the Governor on June 20, 2014. This bill provides for certain technical adjustments to that trailer bill.

Fiscal Effect: Contains a \$5 million appropriation to the BSCC for the creation of a social innovation bond program.

Support: Unknown.

Opposed: Unknown.

Comments: Not applicable.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	AB 1480
Author:	Committee on Budget
As Amended:	August 13, 2014
Consultant:	Samantha Lui, Joe Stephenshaw, Jennifer Troia
Fiscal:	Yes
Hearing Date:	August 14, 2014

Subject: Budget Act of 2014: Education Trailer Bill

Summary: Provides for statutory changes necessary to enact education-related provisions of the Budget Act of 2014.

Background and Proposed Changes: AB 1480 makes statutory changes necessary to implement the Budget Act of 2014-15. These changes provide clarification or correct errors made when the budget and related trailer bills were enacted in June 2014. Specifically, this bill would:

- 1) Clarify that the regional market rate, which is used to reimburse child care providers who accept vouchers, is set at the 85th percentile of the 2009 Regional Market Rate Survey, as reduced by a deficit factor of 10.11 percent. This amendment aligns the deficit factor to the amount of funding appropriated in SB 852 (Committee on Budget & Fiscal Review), Chapter 25, Statutes of 2014.
- 2) Clarify that the increase to maximum reserve fund balances established by SB 858 (Committee on Budget & Fiscal Review), Chapter 32, Statutes of 2014, applies only to agencies contracting with the Department of Education under the California state preschool program. Further, specify that the additional 10 percent that these agencies may separately retain for use on professional development is part of an overall 15 percent reserve.
- 3) Specify that funds provided through the Child Care Facilities Revolving Fund for specified renovation, repair, or improvement of existing buildings are to be provided as loans, and that those loans must be repaid within 10 years.
- 4) Clarify that a permit issued by the Commission on Teacher Credentialing that may satisfy specified requirements for transitional kindergarten teachers is a “child development teacher permit.” Further, clarify that the specified education or experience requirements apply to credentialed teachers.
- 5) Specify that \$15 million of the funding provided in SB 852 shall be allocated to the Department of Education to fund professional development stipends for teachers, to be administered by local planning councils. Further, establish priorities for the use of those funds, including first priority for transitional kindergarten teachers and second priority for teachers in the California state preschool program.
- 6) Specify that if more than 10 percent of the average daily attendance (ADA) of a local educational agency is claimed through a new independent study option available in 2015-16, then the ADA for that entity shall be reduced by the statewide average rate of absence, as specified. Further, clarify that nothing in the section of law establishing that new option shall

prohibit the right to collectively bargain any subject within the scope of representation pursuant to Government Code § 3543.2.

- 7) Specify that a Regional Occupational Center or Program operated by a Joint Powers Authority may be a grant recipient under the Career Pathways Trust grant program.
- 8) Specify that if the University of California (UC) plans to use any of its support appropriation in the annual budget act for capital expenditures or capital outlay projects, as defined, it must submit a report, by September 1 of each year, describing the projects to the committees in each house of the Legislature that consider the state Budget, the appropriate budget subcommittees, and the Department of Finance (DOF). Further, specifies that the DOF must review the report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the state Budget and the appropriate budget subcommittees for review and response. Currently, these UC capital expenditures and capital outlay projects are reported to the Joint Legislative Budget Committee. These changes conform to the process for California State University (CSU) capital projects and expenditures, which was established in the Higher Education Omnibus Trailer Bill, SB 860 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2014.
- 9) Allow the UC to provide public notice of construction projects to bidders electronically on the website of the university. This change is consistent with authority granted to the CSU in SB 860.
- 10) Specify that goal frameworks developed by community colleges and the board of governors for the California Community Colleges (CCC) must be guided by the statewide goals outlined in Section 66010.91 of the Education Code and express the intent of the Legislature that the goals be challenging and quantifiable, address achievement gaps for underrepresented populations, and align the educational attainment of California's adult population to the workforce and economic needs of the state.
- 11) Express the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review specific UC and CSU performance measures in a collaborative process that includes the DOF, the Legislative Analyst's Office, individuals with expertise in statewide accountability efforts, the UC, the CSU, and, for the purposes of data integrity and consistency, the CCCs and consider any recommendations for modification and refinement. Further, expresses the intent of the Legislature that any modification or refinement of the performance measures be guided by the legislative intent included in Section 66010.93 of the Education Code.
- 12) Specify that if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to existing law.

Fiscal Effect: Funds appropriated in this bill would count, as applicable, toward the minimum funding requirements for school and community college districts imposed by Section 8 of Article XVI of the California Constitution (Proposition 98).

Support: Unknown.

Opposed: Unknown.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	AB 1481
Author:	Committee on Budget
As Amended:	August 11, 2014
Consultant:	Julie Salley-Gray
Fiscal:	Yes
Hearing Date:	August 14, 2014

Subject: Jail bond financing

Summary: This bill provides technical cleanup to AB 1468 (Committee on Budget), Chapter 26, Statutes of 2014, as it pertains to \$500 million in lease-revenue bond financing for county jails.

Background: The Legislature passed the public safety trailer bill AB 1468, (Chapter 26, Statutes of 2014, which contained \$500 million in lease-revenue bond financing for county jails. The Administration subsequently informed the Legislature that a stand-alone jail bond trailer bill was necessary. SB 863 (Budget and Fiscal Review Committee), Chapter 37, Statutes of 2014, which contained only the jail bond language from AB 1468 was approved on June 19, 2014. However, that bill did not repeal the language previously adopted in AB 1468. This bill corrects this oversight.

Fiscal Effect: Contains an appropriation for \$5,000 General Fund for the Board of State and Community Corrections to administer the new bond program.

Support: Unknown.

Opposed: Unknown.

Comments: Not applicable.