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COMMITTEE ON BUDGET AND FISCAL REVIEW
STATE CAPITOL – ROOM 5019
SACRAMENTO, CA 95814



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Agenda

June 15, 2016

10:00 a.m. - Room 4203

Vote Only

A.B. 1603	Committee on Budget	Public Social Services
A.B. 1609	Committee on Budget	General Government II

BILL

AUTHOR

SUBJECT

A.B. 1602	Committee on Budget	Higher Education
A.B. 1606	Committee on Budget	Developmental Services
A.B. 1608	Committee on Budget	General Government I
A.B. 1610	Committee on Budget	Transportation
A.B. 1618	Committee on Budget	No Place Like Home

SENATE COMMITTEE ON SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No:	AB 1603	Hearing Date:	June 15, 2016
Author:	Committee on Budget		
Version:	June 13, 2016 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Theresa Pena		

Subject: Public Social Services

Summary: Provides for statutory changes necessary to enact human services-related provisions of the Budget Act of 2016.

Background: As part of the 2016-17 budget package, Assembly Bill 1603 makes statutory changes to implement the budget act.

Proposed Law: AB 1603 makes the following statutory changes to implement the 2016-17 budget.

CalWORKs. This bill includes provisions pertaining to the CalWORKs program, including:

Maximum Family Grant Repeal and Maximum Aid Payment Increase. Currently, a child born into a family receiving CalWORKs does not receive a benefit. This policy is called the "Maximum Family Grant" or "MFG" rule. This bill repeals the MFG rule by using funds from the "Child Poverty Subaccount" and the General Fund. The subaccount was created in 2013 along with changes to the 1991 realignment law and grows naturally each year, and is intended to automatically increase CalWORKs grants. Over the next several years, the subaccount is expected to continue to grow, so it will be used as a source to fund the repeal of the MFG and the cost of an additional grant increase in CalWORKs over a multi-year period, diminishing General Fund support until the costs are fully covered by the subaccount.

Specifically, the language:

- Increases the maximum aid payments starting July 1, 2016 by 1.43 percent.
- Allocates moneys deposited into the subaccount for costs associated with the repeal of the MFG
- Specifies that if there are not enough funds in the subaccount, the remaining cost for that fiscal year will be covered by General Fund.

Bringing Families Home: This bill establishes the Bringing Families Home Program, subject to an appropriation in the annual Budget Act. This program requires the Department of Social Services to award program funds to counties for the purpose of providing housing-related supports to eligible families experiencing homelessness.

Specifically, the language:

- Defines eligible family to mean any individual or family that receives child welfare services, is homeless, voluntarily agrees to participate in the program, and has either been determined appropriate for reunification of a child to a biological parent or guardian or a child or children in the family are, or are at risk of foster care placement, and it is determined that safe and stable housing for the family will prevent the need for the child's or children's removal.
- Declares the intent of the Legislature that housing-related assistance utilize evidence-based models, including rapid rehousing and supportive housing.
- Specifies that housing-related supports include an assessment of each family's housing needs, and a plan to assist them in meeting those needs, housing navigation or search assistance, housing-related financial assistance, and housing stabilization services.
- Specifies that the department shall award program funds to counties according to criteria developed by the department, in consultation with the County Welfare Directors Association, the Corporation for Supportive Housing, and Housing California.
- Counties that receive state funds under this program will match that funding on a dollar-by-dollar basis.

Homeless Assistance Program (HAP): Currently, the HAP provides a once-in-a-lifetime payment to CalWORKs recipients to meet the reasonable costs of obtaining permanent housing, and/or temporary shelter while seeking permanent housing. This bill would repeal the once-in-a-lifetime ban and instead allow a family to receive HAP assistance once in a 12 month period.

Expanded Subsidized Employment. There are currently two CalWORKs subsidized employment programs: the AB 98 program which was established in 2012; and, the Expanded Subsidized Employment program which was enacted in 2013. This bill streamlines the two CalWORKs subsidized employment programs to reduce the administrative burden and to help maximize utilization of the programs.

Temporary Assistance Program (TAP). AB 1808 (Committee on Budget and Fiscal Review), Chapter 75, Statutes of 2006 required DSS to establish a voluntary TAP with state-only funds providing cash aid and other benefits to certain current and future CalWORKs recipients who are exempt from state work participation requirements. The TAP program was intended to increase the federal Temporary Assistance for Needy Families (TANF) work participation rate (WPR). Implementation was suspended due to obstacles associated with the federal child support distribution rules, and concerns that these issues would result in a potential negative effect on TAP

recipients. Implementation of the TAP has been repeatedly postponed; the current implementation date is October 1, 2016, as established in SB 855 (Committee on Budget and Fiscal Review) Chapter 29, Committee on Budget, Statutes of 2014. Additionally, DSS has adopted an alternate move-out strategy for removing safety net and long-term sanctioned cases from being included in the determination of the state's TANF WPR calculation. This bill adds language to render the TAP inoperative beginning June 30, 2016.

Workforce Innovation and Opportunity Act (WIOA) Career Pathways. This bill clarifies that a recipient of the CalWORKs program who is making satisfactory progress in a career pathway program established in accordance with the WIOA is in compliance with the hourly participation requirements of the CalWORKs program under specified conditions. An approved WIOA career pathway results in industry-recognized credentials or degrees in occupations recognized as high demand by workforce development boards.

County Sharing Ratio Alignment. This bill amends and repeals sections of current law to align the county sharing ratio for specified populations with current practice.

CalFresh. This bill includes provisions pertaining to the CalFresh program, including:

Cooperative Agreements. In order to align the Nutrition Education and Obesity Prevention Grant Program with federal oversight agency expectations, the bill specifies the program as a "cooperative agreement", defined in current law, between the Department of Social Services, a local government, a state government, or a nonprofit organization that conducts CalFresh or Supplemental Nutrition Assistance Program outreach.

Maximum Recertification Periods: This bill requires that all CalFresh households be assigned certification periods that are the maximum number of months allowable under federal law.

Child Welfare Services. This bill includes provisions pertaining to Child Welfare Services, including:

Approved Relative Caregiver (ARC) Program: Effective January 1, 2015, counties, who opt-in to the ARC 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. This bill makes several changes to the program.

Specifically, the language:

- Clarifies that children participating in the ARC Program should receive a \$50 child support disregard.

- Clarifies that a relative who has been approved under the resource family approval process and who is federally ineligible for AFDC-FC is authorized to receive a CalWORKs grant and a supplement amount equal to the resource family basic amount paid to children who are federally eligible for AFDC-FC.
- Allows non-federally eligible foster youth placed with relative caregivers under the jurisdiction of the tribal court receive a foster care basic rate amount equal to payments made to federally-eligible relative caregivers in tribes that possess a Title IV-E Agreement with the state.

Infant Supplement: When a teen parent foster child is placed with his or her non-dependent infant or child in a foster home, the Infant Supplement Payment rate is equal to the basic rate for the placement type and the age of the teen parent's infant or child. This bill increases the supplement by an additional monthly amount of \$489.

Uncodified CCR rates. This bill includes language that will have the Department of Social Services and the Department of Health Care Services update the budget committees on the implementation of the Continuum of Care Reform, including updates on:

- Specialty mental health services provided to foster children in short-term residential treatment centers, by foster family agencies, and by resource families.
- The roles to be performed by county mental health plans, Medi-Cal managed care plans, and the fee-for-service system to coordinate mental health services.
- Fiscal information related to mental health services.

The bill also requires the Department of Social Services to convene stakeholders and legislative staff no later than July 1, 2016 to discuss the proposed foster care rates and rate structure. The department will report to the budget committees no later than August 10, 2016 on the results of these discussions. If proposed rates change, the department must provide updated projected costs no later than January 10, 2017.

Child Welfare Digital Services Oversight. This bill includes provisions pertaining to the Child Welfare Digital Services information technology project that codifies the new Agile approach to Child Welfare automation by requiring the following:

- The Department of Social Services, Office of Systems Integration and County Welfare Directors Association to jointly seek resources to enable the necessary level of engagement by counties in the Agile development and maintenance process.
- Counties have a voting seat on all governance bodies.
- Existing CWS/CMS operations functionality be maintained and not decommissioned until the full statewide implementation of the CWS-NS in all counties.

- The continuation of existing monthly updates to the Legislature and stakeholders on efforts to develop and implement CWS-NS and regularly scheduled quarterly forums offered to provide project updates to stakeholders and legislative staff.

Unaccompanied Undocumented Minors (UUM). This bill clarifies the intent of SB 873 (Committee on Budget and Fiscal Review) Chapter 685, Statutes of 2014, and AB 900 (Levine) Chapter 694, Statutes of 2015, both relating to the UUM program, which provides legal services funding for unaccompanied undocumented minors.

The Legislature enacted California Code of Civil Procedure Section 155 through Senate Bill 873 to strengthen protections for immigrant children by making it clear that all California courts have jurisdiction to make Special Immigrant Juvenile Status (“SIJS”) findings. Under federal law, a child or youth under the age of 21 must present a state court order with the SIJS findings in order to apply for SIJS immigration relief with the federal government. The Legislature’s intent in enacting SB 873 was to ensure these children have access to the courts and SIJS findings so they can petition the federal government for SIJS immigration relief.

AB 900 built on SB 873 to allow immigrant youth ages 18 to 20 to obtain guardianship orders under the California Probate Code and to then seek SIJS factual findings pursuant to Section 155 of the California Code of Civil Procedure. With AB 900, the Legislature ensured that immigrant youth ages 18 to 20 can receive the same protections available to youth who are under the age of 18.

Specifically, language in this bill clarifies:

- That the SIJS findings can be made at any point in the proceedings.
- That the prerequisites for SIJS findings are the same across superior court divisions.
- That the perceived motivations of the child/juvenile in seeking classification as a special immigrant juvenile shall not be included or referred to in the findings under this section.
- That it is in the best interest of the child for a superior court to issue the SIJS factual findings if requested and supported by evidence.

Supplemental Security Income/State Supplementary Program for the Aged, Blind, and Disabled (SSI/SSP). This bill includes provisions pertaining to the SSI/SSP program, including:

SSI Advocacy: This bill establishes the Housing and Disability Income Advocacy Program under the Department of Social Services, subject to an appropriation in the annual Budget Act. This program provides state grant funds to participating counting for the provision of outreach, case management, and advocacy services to assist clients who are homeless or at risk of becoming homeless to obtain disability benefits.

Specifically, the language:

- Provides that a county receiving state funds shall match that funding on a dollar-for-dollar basis.
- Provides that a participating county shall provide, or contract for, outreach, active case management, and advocacy services related to the SSI/SSP program, the federal Social Security Disability Insurance (SSDI) program, the Cash Assistance Program for Immigrants, and Veterans benefits provided under federal law.
- Counties shall give highest priority to individuals who are chronically homeless or rely the most heavily on state- and county-funded services, and other populations targeted include general assistance or general relief applicants or recipients who are homeless or at risk of homelessness

SSP COLA: This bill increases the SSP portion of the SSI/SSP grants by 2.76 percent beginning January 1, 2017.

In-Home Supportive Services (IHSS). This bill includes provisions pertaining to the IHSS program, including:

IHSS Seven Percent Restoration. This bill reflects a shift in funding for the restoration of the seven-percent across-the-board IHSS service hours reduction. The language specifies that the restoration will remain in effect until the Managed Care Organization tax expires pursuant to current law.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2016-17 budget. In addition, the bill would appropriate \$30 million General Fund, effective January 1, 2017, for the Approved Relative Caregiver Program.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1609 **Hearing Date:** June 15, 2016
Author: Committee on Budget
Version: June 13, 2016 As amended
Urgency: No **Fiscal:** Yes
Consultant: Farra Bracht / Mark Ibele / Samantha Lui

Subject: General Government

Summary: This measure makes various statutory changes necessary to implement the state administration-related provisions of the Budget Act of 2016.

Background: As part of the 2015-16 budget package, Assembly Bill 1609 makes various statutory changes to implement the budget act.

Proposed Law: AB 1609 makes the following statutory changes to implement the 2016 -17 budget:

Housing

1. Allows the California Housing Finance Agency to (1) replace the Director of Insurance position with a Director of Enterprise Risk Management and Compliance and (2) to require the annual audit of the California Housing Loan Insurance Fund to be based on agreed upon procedures.
2. Gives the Department of Housing and Community Development the authority to issue one grant to Habitat for Humanity of California. In turn, Habitat for Humanity will administer a competitive project-specific grant process to eligible local Habitat affiliates throughout the state.
3. Combines remaining funding from multiple down payment assistance programs into the MyHOME program for the purpose of making home purchases more affordable to low and moderate income Californians for owner-occupied homes, with a priority for first-time homebuyers.
4. Establishes the California Emergency Solutions Grant Program until July 1, 2020 to provide grants through a formula process for permanent housing solutions for people experiencing a housing crisis or homelessness, or both, and to engage and to shelter individuals and families while in the crisis of homelessness.
5. Establishes the Community-Based Transitional Housing Program, administered by the Department of Finance, for persons who have been released from state prison or county jail after serving a sentence for one or more felony or misdemeanor convictions. The program provides grants of up to \$2 million to cities and counties that facilitate such housing, with a total of \$25 million available for grants in 2016-17.

6. Establishes the California Seismic Safety Capital Access Loan Program, which provides a loan loss reserve facility to cover losses on qualified loans to participating lenders for loans made to residential and small business owners for seismic retrofit construction. The program is established in State Treasurer's Office and is funded at \$10 million for 2016-17.

Tax Credits

1. Allows until 2020 the sale of the low-income housing tax credits (LIHTC) allocated by the California Tax Credit Allocation Committee, under certain conditions, thus increasing the efficiency of these tax credits available under the personal income tax, corporation tax and insurance tax. The provision reduces the increased federal tax liability that otherwise is associated with reduced state tax liabilities resulting from the credits.
2. Extends California's current tax credit for farm donations to food banks from 2017 to 2022, increases the credit amount from 10 percent to 15 percent, and changes the basis on which the credit is allowed from inventory cost to the weighted average wholesale cost of the donated item.

Department of Consumer Affairs.

1. Authorizes the State Board of Optometry to issue a citation, not to exceed \$50,000 per investigation, and subject to specified factors, to an optical company, an optometrist, or a registered dispensing optician for violating existing law.

Medical Cannabis Regulation Safety Act

1. Requires additional conditions of licensures, such as proof of bond to cover the cost of destroying product.
2. Establishes a filing deadline for individuals to submit an application for licensure.
3. Authorizes the Board of Equalization, for purposes of taxation and regulation, to have access to the Department of Food and Agriculture's track and trace electronic database.
4. Provides the Department of Public Health (DPH) cite and fine authority and the authority for mandatory recalls. Shifts authority to license laboratories from the DPH to the Bureau of Medical Cannabis Regulation.
5. Excludes a cannabis manufacturer, who infuses butter with cannabis, from having to be licensed as a milk product plant.
6. Requires the State Water Resources Control Board, in consultation with the Department of Fish and Wildlife, to adopt principles and guidelines for diversion and use of water for cannabis cultivation in areas where cannabis cultivation may have the potential to substantially affect instream flows. The principles and guidelines may include, among others: instream flow objectives, limits on diversions, and requirements for screening of diversions and elimination of barriers to fish passage.

The principles and guidelines may also include requirements that apply to groundwater extractions where the board determines those requirements are reasonably necessary for purposes of this section.

7. Requires annual filings of statements of diversion and use to report the amount of water used for cannabis cultivation.
8. Authorizes the State Water Resources Control Board to issue cease and desist orders for any diversion or use of water for cannabis cultivation if:
 - a. A cannabis cultivation license is required but has not been obtained.
 - b. The diversion is not in compliance with an applicable limitation or requirement established by the board or the Department of Fish and Wildlife.
 - c. The diversion is not in compliance with any relevant mitigation requirements the Department of Food and Agriculture imposes as part of its approval of the final environmental documentation for the cannabis cultivation licensing program.
9. Authorizes a licensing authority to promulgate regulations, including emergency regulations.

Secretary of State

1. Clarifies that in the instance when an individual's registration does not show a party preference, the county elections official must designate the individual's party preference as "unknown," and the individual must be treated as a "no party preference" voter.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2016-17 budget. In addition, the bill provides for continuous appropriation of funds in the California Seismic Safety Capital Access Loan Program.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 1602	Hearing Date:	June 15, 2016
Author:	Committee on Budget		
Version:	June 13, 2016 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Anita Lee		

Subject: Education

Summary: This bill makes various statutory changes necessary to implement the postsecondary education-related provisions of the Budget Act of 2016.

Proposed Law:

- 1) *California Library Services Act.* Updates and modernizes the California Library Services Act to reflect local libraries' increasing use of and sharing of digital materials, and eliminates references to a reimbursement program among libraries that is no longer utilized. Provides \$3 million one-time General Fund to the State Library for the California Library Services Act, and requires the State Library to report on the use of additional funds.
- 2) *Compton Community College.* Adjusts the interest rate on three Compton Community College District emergency apportionments to 2.307 percent, which is reflective of the rate recently provided to other K-12 agencies.
- 3) *Innovation Awards.* Implements the Innovation Awards for 2016-17, which will provide grants to community college programs that reduce students' time to degree or total cost of attendance in three categories: programs that redesign curriculum and instruction, such as implementation of three-year bachelor's degrees; programs that allow students to make progress toward degrees by allowing credit based on demonstration of knowledge and competencies, such as military training or prior experiences; and, programs that make financial aid more accessible or reduce other student costs. Grants will be awarded by a committee, which will give preference to programs that improve outcomes for students from groups that are underrepresented in higher education.
- 4) *Middle Class Scholarship.* Adjusts the Middle Class Scholarship program statutory appropriation in 2016-17 and beyond with a \$42 million General Fund decrease. Funds available in 2016-17 will be \$74 million; with the allocation growing to \$117 million in 2017-18 and beyond.
- 5) *Community College Zero-Textbook-Cost Degree Grant Program.* Establishes the Zero-Textbook-Cost Degree Grant Program, which provides \$5 million one-time Proposition 98 General Fund to community colleges that implement these programs. Zero-textbook-cost degrees are associate degrees or career technical education certificates earned by completing courses that eliminate conventional

textbook costs by using alternative instructional materials, such as open educational resources. This bill provides a maximum grant of \$200,000 to community college districts for each degree developed or implemented that eliminates textbook costs for students.

- 6) *San Francisco Community College District*. Provides San Francisco City College with five years of restoration enrollment by authorizing the college ability to earn back enrollment funding for five years, beginning in 2017-18, if the college exceeds the systemwide enrollment target during this period.
- 7) *Adult Education Technical Assistance*. Provides \$5 million Proposition 98 General Fund to support technical assistance to adult education regional consortia. Funding will allow a chosen community college district or local education agency to provide statewide leadership activities for consortia, including disseminating best practices, providing professional development and evaluating the adult education program.
- 8) *Adult Education*. Requires reporting from the Chancellor of the Community Colleges and the Superintendent of Public Instruction no later than August 1, 2017 on options for integrating the adult education assessments into the common assessment system developed by the community colleges. Extends the deadline for annual reporting on adult education outcomes from Sept 30th to a two-part report due on October 30th and January 1st of each year.
- 9) *Career Technical Education Pathways*. Extends the sunset date for the Career Technical Education Pathways Program from June 30, 2016, to July 1, 2017.
- 10) *Student Success Basic Skills Program*. Creates the Student Success for Basic Skills program and eliminates the Basic Skills Initiative. The new program provides categorical funding to help improve outcomes for students in pre-collegiate level courses. Funding supports the implementation of evidence-based practices and will be distributed, beginning in 2017-18, using a three-part formula: 50 percent will be based on colleges' ability to transition students from remedial courses to college-level English and math courses within one -year or two -years; 25 percent will be based on the percentage of low-income students at a college; and, 25 percent will be based on the number of basic skills students enrolled in courses that use evidence-based practices at a college.
- 11) *Community College Strong Workforce*. Establishes the Strong Workforce Program to expand quality career technical education and workforce development courses, pathways, and programs at community colleges. Career Technical Education Regional Consortia will collaborate with other public institutions, such local education agencies, and relevant stakeholders to increase the number of CTE offerings. Each consortium shall submit a regional plan by January 31, once every four years, to the Chancellor's Office, regarding the governance model of the consortium, analysis of regional labor market needs, wage data for each industry sector, measurable regional goals that align with the performance measures of the federal Workforce Innovation Opportunity Act, among others. Forty percent of funds will be distributed to the CTE Regional Consortia, and 60 percent funds will be distributed directly to community college

districts. In 2016-17, funds shall be allocated using a three-part formula: one-third will be based on the local unemployment rate; one-third will be based on the regions proportion of CTE full-time-equivalent students; and, one third will be based on the projected job openings. Beginning in 2017-18, funds shall be allocated using a four-part formula: one-third will be based on the local unemployment rate; one-third will be based on the regions proportion of CTE full-time-equivalent students; 17 percent will be based on the projected job openings; and, 17 percent based on the proportion of successful workforce outcomes.

- 12) *University of California and California State University Reports*. Requires the University of California and California State University to provide information in bi-annual reports to the Legislature and Department of Finance regarding the costs of educating a student based on a cost of instruction model developed by the National Association of College and University Business Officers.
- 13) *University of California Admission of California Residents*. Specifies that, as a condition of receiving funds in the 2016 Budget Act, the University of California approve a plan and timeline, beginning in the 2016-17 academic year, to increase the number of California resident freshman admits who meet admission requirements at each campus, including students who are enrolled in high schools with seventy-five percent or more unduplicated pupils; and expand services and resources to students who enroll at UC from these schools.
- 14) *University of California Subject Matter Projects*. Repeals the sunset date for UC Subject Matter Projects, which is scheduled to sunset on June 30, 2017.
- 15) *Precision Medicine*. Establishes until January 1, 2020, the California Initiative to Advance Precision Medicine in the Office of Planning and Research for the purpose of developing, implementing, awarding funding to, and evaluating demonstration projects on precision medicine in collaboration with public, nonprofit, and private entities.
- 16) *California Firearm Violence Research Center*. States legislative intent to establish a center for research into firearm-related violence at the University of California. Its research shall include, but not be limited to, the effectiveness of existing laws and policies intended to reduce firearm violence, including the criminal misuse of firearms, and efforts to promote the responsible ownership and use of firearms.
- 17) *Community College Full-Time Faculty*. Amends the 2015 Budget Act to clarify funding provided to increase the number of full-time faculty at community colleges to be distributed to all districts, including basic aid districts.
- 18) *Telecommunications and Technology Infrastructure*. Provides \$7 million one-time Proposition 98 General Fund to enhance network infrastructure at community colleges.
- 19) *Local Property Tax Revenue*. Provides \$31.7 million Proposition 98 General Fund to community colleges to backfill for local property tax revenue that was less than anticipated in the 2015 Budget Act.

20) *Community College Online Education*. Provides \$20 million one-time Proposition 98 General Fund to expedite and enhance the development of online courses available through the online course exchange of the Online Education Initiative.

21) *University of California A-G Courses*. Provides \$4 million one-time General Fund to the University of California to develop online classes and curriculum for at least 45 middle school and high school courses that align with state Board of Education standards and UC admissions standards satisfying the "a-g" subject requirements.

22) *California State University Graduation Plan*. Provides \$35 one-time General Fund to the California State University to increase graduation rates. Funding is contingent upon the adoption of a graduation rate improvement plan. The plan must specify the timeframe in which the CSU and each campus will increase the four-year graduation rate for freshman students and two-year graduation rate for transfer students above the graduation rate of students at other postsecondary institutions; and increase the four-year and two-year graduation rates of low-income, students from underrepresented minority groups, and first generation college students. CSU will be required to report recommendations to the Legislature and the Director of Finance to improve graduation rates, as specified in the plan.

Fiscal Effect: Appropriation: Yes Fiscal Com.: Yes Local: Yes

Support: None on file

Opposed: None on file

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 1606	Hearing Date:	June 15, 2016
Author:	Committee on Budget		
Version:	June 13, 2016 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Michelle Baass		

Subject: Developmental services

Summary: This bill is the omnibus developmental services trailer bill, and contains changes to implement the 2016-17 Budget.

Proposed Law: The bill makes technical and clarifying statutory revisions necessary to implement the Budget Act of 2016. Specifically, this bill:

1. Exemption from Public Contract Code to Become a Regional Center Vendor. Allows developmental center employees working at facilities slated for closure to become service providers prior to termination of their state employment. Currently, state employment must be terminated prior to becoming a vendor, resulting in a loss of income during the start-up period, which can take up to one year.
2. Four-bed Alternative Residential Model Homes. Establishes a rate schedule for residential community care facilities vendored to provide services to a maximum of four persons with developmental disabilities. Prohibits regional centers from authorizing any residential service-level changes, if the change would increase state costs.
3. Prevention Resources and Referral Services Program. Repeals obsolete authority for the Prevention Resources and Referral Services program as eligibility for the Early Start program was restored, effective January 1, 2015.
4. Special Managed Care Provisions for Developmental Center Closures. Extends managed care provisions for Medi-Cal eligible individuals at the developmental centers that transition to the community and need coordinated medical and specialty care as documented in their individual program plan. These specified managed care provisions include access to specialized medical care, enhanced case management, and expedited enrollment services. Requires that the plan outlining these special provisions be shared with stakeholders prior to being finalized and be submitted to the Legislature by December 31, 2016.
5. Plan for Crisis Services Post Developmental Center Closure. Requires the department to provide an update to the Legislature at the time of the 2017-18 May budget revision regarding how the department will ensure access to crisis services post developmental closure and how the state will maintain its role in providing residential services to those whom private sector vendors cannot or will not serve.

6. Reports of Incidents at Community Facilities to Advocacy Agency. Requires that reports of injuries, death, restraint usage, and incidents of seclusion, for example, at community facilities be reported to the federally-mandated protection and advocacy agency.
7. Use of Seclusion and Restraints in Community Facilities. Limits the use of seclusion and restraints in enhanced behavioral support homes licensed by the Department of Social Services.
8. Reporting on Progress to Develop Residential Capacity and Transition Planning. Requires regular public posting (on the department's website) of progress being made to develop residential capacity by regional center, including information on monthly targets for movers based on transition activities and community resource development activities) by regional center. This monthly reporting would also include information on why targets are not met.
9. Disparities. Requires regional centers to consult with stakeholders regarding activities that may be effective in addressing disparities. Requires the department to review requests for funding for activities related to addressing disparities within 30 days from the receipt of the last proposal. Requires each regional center to report to the department how the funding allocations for activities related to addressing disparities were used.
10. Self-Determination Program. Requires regional centers to consult with the local volunteer advisory committee when conducting outreach to provide information about the Self-Determination Program and in the planning for trainings regarding this program.
11. Special Session Clean-up. Clarifies that the rate increase provided by AB 1 X2 (Thurmond), Chapter 3, Statutes of 2016, applies to out-of-home respite services. Clarifies the provisions of competitive integrated employment (CIE) to expand participation in the workforce by providing an incentive payment separate from supported employment services for regional center providers that place individuals in CIE and that, in order for a provider to receive the first incentive payment, the individual must be employed after 30 consecutive days.
12. Minimum Wage. Implements provider rate adjustments to address the state minimum wage increase. SB 3 (Leno), Chapter 4, Statutes of 2016, provides for a series of scheduled increases to the state's minimum wage such that, depending on economic and budgetary conditions, the minimum wage would reach \$15.00 per hour by January 1, 2022, after which it would be indexed to inflation.
13. Performance Dashboard for Community Services. Establishes a performance dashboard, requires DDS to work with stakeholders on the development of this dashboard, and requires this dashboard to be published annually. Metrics included in this dashboard would include, but not be limited to:
 - a. Recognized quality and access measures.
 - b. Measures to indicate compliance with new federal Home and Community Based Services waiver rules.

- c. Measures to evaluate the changes in the number of consumers who work in competitive integrated employment.
- d. Consumer complaints.
- e. Number of administrative hearings.

14. Supplemental Budget Information. Requires DDS to annually report and post on its website supplemental budget information. This information would be reported by February 1 and includes:

- a. Budget estimates for each developmental center, including a break out of staffing costs for Porterville Development Center's general treatment area and secured treatment area.
- b. For each regional center: current year estimates for operations funding, purchase of service (POS) funding, caseload, per capita for operations, per capita for POS.
- c. By regional center, information on staff.
- d. For Community Placement Program (CPP) funding: for each regional center, past year and current year information by component of CPP.

15. Fiscal Reporting Unit. Specifies analysis and deliverables for the new fiscal and research unit established in the budget. These would include an:

- a. Assessment of disparities data reported by regional centers.
- b. Assessment of caseload ratio requirements by regional center.
- c. Assessment of performance dashboard data as it becomes available.

16. Reporting on General Fund Backfill Due to Federal Decertification. Requires DDS to report quarterly on the estimated General Fund backfill costs as a result of the loss of federal funds due to the decertification of intermediate care facility units at the Sonoma Developmental Center. Requires similar reporting if these units at the Fairview and Porterville Developmental Centers are decertified by the federal government in the budget year.

Fiscal Effect: This bill appropriates federal funds related to developmental services.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1608 **Hearing Date:** June 15, 2016
Author: Committee on Budget
Version: June 13, 2016 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Mark Ibele / Anita Lee / Samantha Lui

Subject: State government

Summary: This measure makes various statutory changes necessary to implement the state administration related provisions of the Budget Act of 2016.

Background: As part of the 2015-16 budget package, Assembly Bill 1608 makes various statutory changes to implement the budget act.

Proposed Law: AB 1608 makes the following statutory changes to implement the 2016 -17 budget:

Public Employees' Health Benefit Administrative Costs

1. Conditions the expenditure of administrative expenses in the Public Employees' Health Care Fund (HCF) and in the Public Employees' Contingency Reserve Fund upon approval in the annual budget act. This change discontinues the board of the administration of the Public Employees' Retirement System use of monies in the HCF to pay for other costs determined by the board.

Private Attorney General Act

1. Makes various revisions to the Private Attorney General Act (PAGA). This bill includes a \$75 filing fee for new case notices and any employer response to such notice, and requires online filing and transmission of all items submitted to the Labor Workforce Development Agency (LWDA). This bill also requires a copy of proposed settlement to be submitted to LWDA at same that it is submitted to court, and requires parties to provide the LWDA with a copy of the court's judgement. This bill also extends various time lines, including the time LWDA reviews new cases from 30 to 60 days, the time for LWDA to notify parties of intent to investigate violation from 33 to 65 days, and provides LWDA with option to send notice to extend the 120 day time limit for investigating and citing the employer by an additional 60 days. The bill sunsets the 60 day extension provision in July 1, 2021.

Public Works

1. Extends the time an entity hauling ready-mixed concrete can submit certified payroll records from three to five days.

2. Clarifies that the section does not apply to public works contracts that are advertised for bid or awarded prior to July 1, 2016.

Workforce Innovation Opportunity Act Data Sharing.

1. Provides the California Workforce Development Board and other state agencies, such as the Chancellor of the California Community Colleges, the California Superintendent of Public Instruction, California Department of Rehabilitation, the California Department of Social Services, access to any relevant quarterly wage data for performance evaluation purposes under the Workforce Innovation Opportunity Act (WIOA), along with other groups, such as the Adult Education Grant Consortia and the community college Strong Workforce Taskforce. This bill also authorizes the Department of Education to share necessary confidential information for performance tracking purposes with the Employment Development Department.

Revenue and Expenditure Alignment of Various Special Funds.

1. Aligns expenditure authority and special fund revenue from various fees and permits to the appropriate program.
2. Remove caps on certain fees to give the Department of Industrial Relations the flexibility to set fees to cover the costs of regulatory activities.
3. Abolishes certain funds with limited purposes and small appropriations and redirect fee revenues to larger, general purpose funds that would pay for program operations going forward.

State Buildings

1. Establishes the State Project Infrastructure Fund and continuously appropriates the moneys in that fund for state projects, including state buildings and other facilities, and for the state capitol annex project.
 - a. Subjects state projects to the approval and administrative oversight of the Department of Finance and the State Public Works Board, and requires the State Public Works Board to establish the scope, cost, and delivery method for each state project.
 - b. Authorizes the Joint Rules Committee to pursue the construction or renovation of a state capitol annex, to be administered and supervised by the Department of General Services, subject to review by the State Public Works Board, pursuant to an agreement with the Joint Rules Committee.
2. Requires the Department of Finance to provide specified notices to the Joint Legislative Budget Committee regarding state projects, including a notice prior to the establishment of the scope, cost, and delivery method. Requires the Department of General Services to submit a quarterly report to the status of each state project established by the State Public Works Board to the Joint Legislative Budget Committee and to the chairpersons of the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget.

3. Regarding the capitol annex project, requires the Judicial Council to adopt a rule establishing procedures applicable to actions or proceedings brought to review, set aside, void, or annul the certification of the environmental impact report (EIR) for the project, or the granting of any approvals that require the actions or proceedings be resolved, within 270 days of certification of the record of proceedings. Requires draft and final EIR for the project to each include a notice containing specified information relating to required procedures for judicial actions challenging the certification of the EIR or the approval of the project described in the EIR. Requires the lead agency to conduct an informational public workshop and hold a public hearing on the draft EIR, and prohibits a court from enjoining the construction or operation of specified components of the project unless the court makes specified findings.
4. Transfers \$1.3 billion from the General Fund to the State Project Infrastructure Fund to be allocated upon direction of the Director of Finance to the Controller, with \$1.0 billion allocated on or after July 1, 2016, and the remaining \$300 million allocated after July 1, 2017, with funds to be used for the construction or renovation of the state capitol annex and for state projects.

Amusement Park Ride

1. Eliminates redundant amusement park ride inspections, and allows the Division of Occupational Safety and Health at the Department of Industrial Relations to exercise its statutory authority to inspect permanent amusement rides after receiving notification of an injury accident and temporary amusement rides when a ride is disassembled, moved, and reassembled.

Tax Measures

1. Clarifies that the Governor's Office of Business and Economic Development (GO-Biz), may consider various criteria in awarding tax credits pursuant to the he California Competes program, including the following:
 - a. The financial solvency of the taxpayer and the taxpayer's ability to finance its proposed expansion.
 - b. The taxpayer's current and prior compliance with federal and state tax laws.
 - c. Current and prior litigation involving the taxpayer.
 - d. The reasonableness of the fee arrangement between the taxpayer and any third party providing any services related to the credit.
 - e. Any other factors deemed necessary for the purposes of accountability, transparency, and effectiveness.
2. Due to a delay in the award of the contract by the federal government, extends by one-year to January 1, 2031, the ability to claim a tax credit under the corporation tax available to qualified taxpayers (prime contractor or major first-tier contractor) for wages paid related to the new advanced strategic aircraft program.

Department of FI\$Cal

1. Establishes a new Department of FI\$Cal (Financial Information System for California), the state's single integrated financial management system. It eliminates the executive partner position and establishes the director for FI\$Cal, appointed by

the Governor and subject to Senate confirmation. FI\$Cal would be located with the Government Operations Agency upon acceptance of the system by the Director of Finance.

Other

1. Makes other technical and conforming changes in law, related to renaming the California Victim Compensation and Government Claims Board (VCGCB) to the California Victim Compensation Board and shifting the government claims portion of the VCGCB to the Department of General Services.
2. Extends the period of time to June 30, 2017 for the State Controller's Office 21st Century Project, consolidating state payroll activities, for the purpose of completing final wind down and assessment activities.
3. Adjusts the role of the director, and the selection process for the chair and vice-chair, of the California Travel and Tourism Commission.
4. Requires that until July 1, 2019, the establishment of a reasonable reimbursement methodology for reimbursing mandates costs to local governments and school districts, be based on audited costs of claims submitted to the State Controller.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2016-17 budget. In addition, the bill provides an appropriation of \$1.3 billion for the purposes of construction or renovation of state buildings.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No:	AB 1610	Hearing Date:	June 15, 2016
Author:	Committee on Budget		
Version:	June 13, 2016 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Farra Bracht		

Subject: Transportation

Summary: This measure makes statutory changes necessary to enact the transportation provisions of the Budget Act of 2016.

Background: As part of the 2016-17 budget package, Assembly Bill 1610 makes various statutory changes to implement the budget act.

Proposed Law: This bill makes all of the following statutory changes:

- 1. State Transit Assistance Funding Allocation.** Requires the Controller to distribute state transit assistance funding for fiscal years 2015-16, 2016-17, and 2017-18 to the same entities and according to the same ratios as calculated and published by the Controller for the fourth quarter of 2014-15. Provides that the remaining 2015-16 distributions shall include adjustments so that the 2015-16 amounts ultimately provided reflect the 2014-15 operator ratios.
- 2. Tribal Gaming Revenues.** Provides for the General Fund to retain the tribal gaming revenues anticipated in 2016-17. Otherwise, there would be a General Fund loss resulting from the interaction between the transportation loans that are partially being repaid out of Proposition 2 and the tribal gaming revenues which would not be deposited into the General Fund because the loan was not fully repaid.
- 3. Vehicle Registration Fee Increase.** Increases the base vehicle registration fee by \$10 (from \$46 to \$56), effective January 1, 2017, and indexes the base registration fee to the consumer prices index (CPI) beginning in 2017-18, allowing the fee to automatically increase with inflation.
- 4. Federal Vehicle Conformity Requirements.** Makes changes to the California Vehicle Code to require motor carriers to obtain a United States Department of Transportation number as a condition of being assigned a California carrier identification number.
- 5. Federal Driver's License and Identification Card Requirements.** Amends existing statute to conform with federal REAL ID requirements, specifically that only one document (driver's license or identification card) can be issued per person and that the senior ID, which under current law expires after 10 years; but under REAL ID a card can be in effect for no more than eight years before it expires.

6. **Motor Voter Process.** Requires the Department of Motor Vehicles to pilot and evaluate a process to register voters pursuant to AB 1461 (Gonzales), Chapter 729, Statutes of 2015, to address voters that do not fully complete the registration process and to report on October 15, 2016, on the outcome of this pilot, other process changes proposed to ensure the full completion of voter registration, and an evaluation of these options.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2016-17 budget.

Support: None on file.

Opposed: None on file.

Comments:

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1618 **Hearing Date:** June 15, 2016
Author: Committee on Budget
Version: June 13, 2016 Amended
Urgency: No **Fiscal:** Yes
Consultant: Farra Bracht

Subject: No Place Like Home Program: establishment

Summary: This bill establishes the No Place Like Home Program to further the development of permanent supportive housing for persons who are in need of mental health services and are homeless, chronically homeless, or at risk of homelessness.

Proposed Law: This measure includes the following key changes:

1. Establishes the No Place Like Home Program (NPLH) to be administered by the Department of Housing and Community Development (HCD), in consultation with an advisory committee with a specified membership, to distribute \$2 billion dollars among the counties to finance capital costs, including acquisition, design, construction, rehabilitation or preservation and capitalized operating costs of permanent supportive housing for persons who are eligible for services under Proposition 63 and are homeless, chronically homeless, or at risk of chronic homelessness.
2. States that establishing a housing program providing permanent supportive housing to persons who are in need of mental health services and are homeless, chronically homeless or at risk of homelessness is in furtherance of the purposes of Proposition 63, enacted in the November 2, 2004 statewide general election that imposed a one percent tax on income exceeding one million dollars.
3. Funds the program through the issuance of bonds by the Treasurer and secured by Prop 63 revenues and allocates the funds as follows:
 - \$1.8 billion for a competitive grant program to counties that meet minimum eligibility criteria related to their ability to use the funds to develop and operate permanent supportive housing to persons who are eligible for services under Proposition 63 and are homeless, chronically homeless or at risk of chronic homelessness, with a preference for targeting those who are chronically homeless or at risk of chronic homelessness.
 - \$200 million to be distributed to counties for construction, rehabilitation or preservation and capitalized operating costs of permanent supportive housing for persons who are eligible for services under Proposition 63 and are homeless, chronically homeless or at risk of chronic homelessness, with a priority for with mental health supportive needs who are homeless or at risk of chronic homelessness.

4. Authorizes an alternative process to the competitive grants for counties with at least five percent of the state's homeless population and provides a set aside of eight percent for small counties.
5. Establishes four categories for the competitive grants based on population, with a separate category for Los Angeles County and requires at least four rounds of grants as specified.
6. Specifies that the loans are in the form of secured deferred payment loans to pay for the costs of development and specifies additional loan terms; provides for funds to secure or avert default.
7. Appropriates \$6.2 million from Prop 63 funds for technical and application assistance to the counties, specifies amounts based on county size and authorizes HCD to contract for expert technical assistance.
8. Requires annual reporting by the counties, HCD and an evaluation.
9. Authorizes a General Fund loan of \$1 million for program implementations prior to receipt of bond funds.
10. States legislative intent that the costs to service the debt for the bond shall not impede direct mental health services provided by the counties

Fiscal Effect: Appropriates \$6.2 million from Prop 63, authorizes a General Fund loan of \$1 million, and provides for the issuance of \$2 billion in bonds by the Treasurer and secured by Prop 63 revenues.

Support: None on file.

Opposed: None on file.

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