



Final Action Report

A Summary of the 2014 Budget Act

Chapter 25, Statutes of 2014

Senator Mark Leno, Chair
Senate Committee on Budget and Fiscal Review

July 31, 2014

FINAL ACTIONS

July 31, 2014

Senate Bill 852
2014-15 Budget Bill

Senate Committee on
Budget and Fiscal Review

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July 31, 2014

The Senate Budget and Fiscal Review Committee has completed its Final Action Report, which is a detailed summary of the 2014-15 budget actions taken by the Legislature, along with the Governor's vetoes. This report is available on the Senate Budget and Fiscal Review Committee website:

Please follow the links:

- 1 – www.sen.ca.gov
- 2 – Committees
- 3 – Budget and Fiscal Review
- 4 – Latest Information
- 5 – Final Action Report 2014

We hope you will find this information useful. Please feel free to contact the staff of the Senate Budget and Fiscal Review Committee should you have any questions.

Sincerely,

MARK LENO
Chair, Senate Budget and Fiscal Review

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INTRODUCTION

2014-15 Budget Act

Summary

The Senate Committee on Budget and Fiscal Review's Final Action Report on the 2014 Budget Act provides a detailed summary of the contents of the 2014 Budget Act, and reflects actions taken by the Senate Committee on Budget and Fiscal Review, the Budget Conference Committee, and final negotiations between the leadership of the Legislature and the Administration, along with any gubernatorial vetoes.

On June 12, 2014, the Budget Conference Committee on SB 852 completed its work to reconcile the Senate and the Assembly versions of the 2014-15 budget. The Conference Committee built upon the extensive work of both the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget. Working from the general framework of the Governor's budget and May Revision, the Legislature incorporated significant and important budgetary and policy changes to the state's expenditure plan. On June 15, 2014, the Legislature passed the 2014 Budget Act, SB 852 (Chapter 25, Statutes of 2014). In enacting this measure, the Legislature met its constitutional obligation to pass a balanced budget. Concurrently, the Legislature also approved numerous budget trailer bills, noted elsewhere in this report, that are designed to implement certain provisions of the 2014 Budget Act.

In total, the 2014 Budget Act authorizes General Fund expenditures of \$108.0 billion. The budget assumes nearly \$109.4 billion in total General Fund resources, and combined total reserves in the Budget Stabilization Account (BSA) and the Special Fund for Economic Uncertainties (SFEU) of \$2.1 billion. The adopted budget results in measured spending increases in Non-Proposition 98 spending for high-priority investments identified by the Legislature. The budget also includes significant changes to spending priorities within Proposition 98 resources. The adopted budget is restrained with respect to new spending in the budget and out-years. The General Fund budget summary of the adopted budget is displayed on the following page.

General Fund Budget Summary		
Adopted Budget		
(Dollars in Millions)		
	2013-14	2014-15
Prior Year Balance	\$2,429	\$3,903
Revenues and Transfers	\$102,185	\$105,488
Total Resources Available	\$104,614	\$109,391
Non-Proposition 98 Expenditures	\$57,980	\$63,525
Proposition 98 Expenditures	\$42,731	\$44,462
Total Expenditures	\$100,711	\$107,987
Fund Balance	\$3,903	\$1,404
Reserve for Liquidation of Encumbrances	\$955	\$955
Special Fund for Economic Uncertainties	\$2,948	\$449
Budget Stabilization Account	--	\$1,606

Budget Process and Development

January Budget. The Governor proposed a budget on January 9, 2014, that was balanced with respect to revenues and expenditures, and reflected major improvements in the state’s finances for the second year in a row, following years of multi-billion dollar budget deficits and spending reductions. The Governor proposed a budget for the 2014-15 fiscal year which included resources of \$108.7 billion and expenditures of \$106.8 billion. Based on the Governor’s budget proposal, the General Fund would end the 2014-15 year with a general reserve of almost \$1 billion, and a deposit of \$1.6 billion to the BSA. General Fund spending in 2014-15 was slated to grow by approximately 8.5 percent from the current year, driven largely by increases in education funding—K-12 and higher education—and debt repayment. The budget contained major proposals for the state budget reserve policy, increased support for K-12 education through accelerated funding of the new education financing formula and a pay-off of all deferrals, targeted improvements in health care and human services, and an approach for specified expenditures to address climate change through cap-and-trade revenues. The proposed budget continued the Administration’s aggressive focus on paying down budgetary debt from past years, including early repayment of the Economic Recovery Bonds (ERBs).

May Revision. On May 13, the Governor released his May Revision for budget year 2014-15. The Governor’s budget revision projected budget year expenditures of \$107.8 billion, resources of \$109.3 billion, and a General Fund reserve of \$528 million. The May Revision reserve level represented a decline from January, since there were considerable adjustments made to the Governor’s assumptions about revenues in the current year and budget year and additional expenditures for certain programs. The May Revision reflected a slight increase in the Proposition 98 guarantee, based on increased revenues and a somewhat greater General Fund cost. The Governor’s overall budgetary framework continued to be balanced over the forecast period and the budget plan would continue to reduce the “wall of debt”, and eliminate it by 2017-18. The proposal

continued to include a deposit to the BSA of three percent of revenues, with a diversion of half that amount to retire certain long-term budget debt.

Conference Version. The Budget Conference Committee version of the budget generally adopted the Governor’s underlying budgetary framework. The conference version of the budget was based on the Governor’s May Revision General Fund revenue estimates and local property taxes, as well as the May Revision’s Proposition 98 guarantee level. The conference version contained a combined reserve level—SFEU and BSA—of \$2.1 billion, roughly equal to the May Revision level. The conference version generally funded the major spending priorities that were contained in both the Assembly and Senate versions of the budget. However, in many cases, the scope of those priorities were trimmed or phased-in over multiple years in order to fit spending within the May Revision’s revenue projections and avoid projected out-year budget shortfalls. The budget year costs of those priorities were accomplished through adjustments in the “wall of debt” payments, savings identified by the Legislature, and shifts among program expenditures.

Adopted Budget. On June 15, 2014, the Legislature completed its work on the budget with the approval of SB 852. The 2014 Budget Act extends the efforts of the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, and the Budget Conference Committee, and reflects extensive negotiations with the Administration. Working from the general basis of the Governor’s budget and May Revision, the Legislature incorporated significant and important budgetary and policy changes to the state’s expenditure plan. In general, the budget reflects the framework of the Governor’s budget, but incorporates Legislative priorities as established through the spring budgetary process. The 2014 Budget Act was signed by the Governor on June 20, 2014, thus fulfilling the requirements of the California Constitution.

Major Highlights of the Budget Conference Report

Fiscal Framework: The adopted budget maintains the overall fiscal framework of the Governor’s proposal, with conservative revenue estimates, continued debt retirement, a projected balanced approach in the out-years, and a \$2.1 billion reserve.

- **General Fund Revenues:** The adopted budget is based on the Governor’s May Revision General Fund revenue forecast and property tax estimates, with revenues above the forecasted amounts triggering additional expenditures. Both the Assembly and Senate had based their versions of the budget on modestly higher revenue projections of the Legislative Analyst’s Office (LAO). The differences in General Fund revenues were largely due to capital gains forecasts.
- **Budget Reserve:** The 2014 Budget Act includes reserves of \$2.1 billion, consisting of \$1.6 billion in the BSA and \$448.9 million in the SFEU. Both the Assembly and Senate versions had somewhat higher reserves, largely as a result of the LAO’s higher revenue projections. In addition, 50 percent of the funds that would otherwise go to the reserve are used to pay off accumulated debt. Out-year budgets incorporate the expected impacts of the potential adoption of the new reserve policy established in ACA 1.

- **Debt Pay-down:** The adopted budget reduced non-Proposition 98 “wall of debt” payments by \$145 million, by delaying those repayments to future years, and assumed cash borrowing costs would be \$60 million less than the amount the Administration proposed. The conference version pays off about \$1 billion less of the K-14 education deferrals than in the May Revision. The budget includes the initial payment toward the plan to fund the unfunded liabilities of the California State Teachers’ Retirement System (CalSTRS).
- **Budget Out-years:** Like the May Revision, and the Assembly and Senate versions, the adopted budget shows that the state budget would be balanced, with operating surpluses—albeit slim—every year through the forecast period ending 2017-18. These slim margins do not include substantial annual deposits to the reserve funds, which, by 2017-18, would have total estimated balances in excess of \$5.0 billion.

Major Programs and Spending

The approved budget includes significant changes to the Governor’s budget plan, including major proposals in child care and early childhood education, higher education, various health care programs, selected human service programs, corrections and rehabilitation, housing construction and support, the court system, and increases expenditures in selected high-priority areas identified by the Legislature.

Non-Proposition 98 Expenditures. The 2014-15 budget allows for additional investments on the non-Proposition 98 side. Specific augmentations total about \$600 million, including \$100 million for early childhood education (coupled with additional spending inside Proposition 98), \$40 million for higher education (with a trigger for an additional \$100 million), \$176 million for health and human services, \$40 million for the court system, and \$100 million for housing, as well as numerous other investments totaling \$30 million. Principal investments include:

- **Human Services.** The adopted budget plan provides an increase of \$66 million (and additional amounts in future years) for In-Home Supportive Services (IHSS) to pay for overtime pursuant to federal regulation. Included is \$100 million for childcare as part of the early childhood education initiative (along with additional resources within Proposition 98). It also includes \$44 million for CalWORKs including a five percent grant increase, \$15 million for additional support of foster care programs, and \$20 million for family stabilization and homelessness programs. The plan also includes \$8 million to restore eligibility in the Early Start Program for infants and toddlers at risk of a developmental disability and \$5 million for additional services to combat child sexual exploitation.
- **Health Services.** In the health area, the budget provides \$1.8 million for rate increases for Medi-Cal’s Program for All-Inclusive Care for the Elderly (PACE), \$4 million for the Black Infant Health Program, and \$3 million for HIV prevention demonstration projects. These amounts generally increase in the out-years.

- **Courts, Corrections and Housing.** The budget adds \$100 for affordable housing on a one-time basis, consisting of \$50 million for multifamily housing, which provides affordable housing for low-income families, and \$50 million for the multifamily supportive-housing program, which is focused on providing permanent housing for individuals who are either homeless or very low-income. An additional \$40 million would go to the state court system. In addition, the plan significantly shifts the allocation of resources in the Recidivism Reduction Fund that was included in the Governor's May Revision.
- **Higher Education.** The 2014-15 budget increases higher education resources by \$39 million for Cal Grant programs—Private and Cal Grant B, and \$30 million for disabled student services programs. In addition, there would be an added \$100 for University of California and California State University for maintenance, in the event that property tax revenues exceed the level forecast by the Administration in the May Revision.

Proposition 98 Education Expenditures. The budget plan uses Proposition 98 resources based on the Administration's estimates of General Fund revenues and local property tax revenues. Within the parameters of these resources, there are substantial shifts in how the revenues are used. The budget plan reduces the amount of K-14 deferral payments by roughly \$1.0 billion. These revenues are used to make important new educational investments, including:

- **Early Childhood Education.** A centerpiece of the budget plan is significant improvements in early childhood education (ECE), through a multiyear investment in early learning and care systems, including restoration of lost slots in current ECE programs, modernized rates for service, increasing pre-kindergarten opportunities for low-income 4-year-olds, and increasing program quality. The plan includes \$70 million to increase rates, and \$85 million for facilities and quality grants.
- **Local Control Funding Formula.** The budget plan sets aside an additional \$250 million in Proposition 98 resources above the Governor's \$4.5 billion to accelerate the full implementation of the Local Control Funding Formula (LCFF). These unrestricted resources will provide additional support for local educational agencies program needs in a variety of areas, including the additional contributions required for unfunded liabilities associated with the California State Teachers Retirement System (CalSTRS).
- **Career Pathways.** Included in the budget is reinvestment in programs meant to build stronger connections between our schools and businesses, to better prepare students for the changing job market by placing a greater emphasis on career-based learning. Last year, the Legislature appropriated \$250 million in one-time state assistance to local educational agencies for this purpose. Given the high demand on the initial year funding, the approved budget appropriates an additional \$250 million to capitalize the California Career Pathways Trust.
- **Unpaid Mandates.** The state must reimburse school districts and community colleges for performing certain state-mandated activities. The budget plan provides a down-payment of \$450 million on mandate claims owed to school districts and community colleges, consistent

with the Proposition 98 package. These funds could be used as additional resources to support the implementation of the Common Core curriculum.

- Pay-down of Deferrals.** The 2014-15 budget incorporates the substance of the Governor’s January K-14 deferral pay-down plan, as adjusted by the May Revision, but reduces the deferral pay down from \$6.2 billion to \$5.2 billion. This would reduce the so-called “wall of debt” and ease cash flow for school districts and community college districts. General Fund revenues received that are above the forecasted amounts would trigger additional deferral payments.

The following table shows the major outlines of the May Revision and Conference Report (adopted budget), and key legislative changes for Proposition 98 and Non-Proposition 98 expenditures:

Budget Category	May Revision	Conference Report
General Fund Expenditures	\$107.8 billion	\$108.0 billion
General Fund Resources	\$109.2 billion	\$109.4 billion
Reserve Funds*	\$2.1 billion	\$2.1 billion
Non-Proposition 98 Funding	\$63.3 billion	\$63.5 billion
Major General Fund Expenditure Differences— Non-Proposition 98		Early Childhood Education/Childcare: \$100 million In Home Supportive Services: \$66 million CalWORKs and Related: \$64 million Affordable Multifamily and Supported Housing: \$100 million Higher Education-Student Grants: \$39 million Higher Education-Deferred Maintenance \$100 million (trigger) Trial Courts: \$40 million

Proposition 98 Funding	\$44.5 billion	\$44.5 billion
Proposition 98 Deferral and Mandate Payments	Deferral Payments: \$6.2 billion	Deferral Payments: \$5.2 billion (plus trigger) Mandate Payment: \$450 million
Major Proposition 98 Expenditure Differences	Local Control Funding Formula: \$4.5 billion	Local Control Funding Formula: \$4.7 billion Career Technical Education: \$250 million Preschool Funding: \$155 million Disabled Student Programs and Services (CCC): \$30 million

*Special Fund for Economic Uncertainties (SFEU) and Budget Stabilization Account (BSA).

Subcommittee No. 1 – Education

6110	Department of Education	6600	Hastings College of the Law
6120	California State Library	6610	California State University
6360	Commission on Teacher Credentialing	6870	California Community Colleges
6440	University of California	7980	California Student Aid Commission

Subcommittee No. 2 – Natural Resources, Environmental Protection, and Transportation

0540	Secretary for Natural Resources	3830	San Joaquin River Conservancy
0521	Transportation Agency	3835	Baldwin Hills Conservancy
0555	Secretary for Environmental Protection	3840	Delta Protection Commission
0650	Office of Planning and Research	3845	San Diego River Conservancy
2600	California Transportation Commission	3850	Coachella Valley Mountains Conservancy
2660	Department of Transportation	3855	Sierra Nevada Conservancy
2665	High-Speed Rail Authority	3860	Department of Water Resources
2670	Board of Pilot Commissioners	3875	Sacramento-San Joaquin Delta Conservancy
2720	California Highway Patrol	3885	Delta Stewardship Council
2740	Department of Motor Vehicles	3900	Air Resources Board
3110	Special Resources Programs	3930	Department of Pesticide Regulation
3125	California Tahoe Conservancy	3940	State Water Resources Control Board
3340	California Conservation Corps	3960	Department of Toxic Substances Control
3360	California Energy Commission	3970	Department of Resources Recycling and Recovery
3460	Colorado River Board of California	3980	Office of Environmental Health Hazard Assessment
3480	Department of Conservation	4700	Department of Community Services and Development
3540	Department of Forestry and Fire Protection	5225	California Department of Corrections and Rehabilitation
3560	State Lands Commission	7300	Agricultural Labor Relations Board
3600	Department of Fish and Wildlife	8570	Department of Food and Agriculture
3640	Wildlife Conservation Board	8660	California Public Utilities Commission
3720	California Coastal Commission		
3760	State Coastal Conservancy		
3780	Native American Heritage Commission		
3790	Department of Parks and Recreation		
3810	Santa Monica Mountains Conservancy		
3820	San Francisco Bay Conservation and Development Commission		
3825	San Gabriel & Lower Los Angeles Rivers and Mountains Conservancy		

Subcommittee No. 3 – Health and Human Services

0530	California Health and Human Services Agency – Office of System Integration	4300	Department of Developmental Services
4120	Emergency Medical Services Authority	4440	Department of State Hospitals
4140	Office of Statewide Health Planning and Development	4560	Mental Health Services Oversight and Accountability Commission
4150	Department of Managed Health Care	4700	Department of Community Services and Development
4170	California Department of Aging	4800	California Health Benefit Exchange
4260	Department of Health Care Services	5160	Department of Rehabilitation
4265	Department of Public Health	5175	Department of Child Support Services
4280	Managed Risk Medical Insurance Board	5180	Department of Social Services

Subcommittee No. 4 – State Administration and General Government

0509	Governor’s Office of Business and Economic Development	8840	Commission on Uniform State Laws
0650	Office of Planning and Research	8855	Bureau of State Audits
0690	Office of Emergency Services	8860	Department of Finance
0840	State Controller	8880	Financial Information System for California (FI\$Cal)
0845	Department of Insurance	8885	Commission on State Mandates
0860	State Board of Equalization	8910	Office of Administrative Law
0890	Secretary of State	8940	Military Department
0911	Citizen’s Redistricting Commission	8955	Department of Veterans Affairs
0950	State Treasurer	9210	Local Government Financing
1110/1111	Department of Consumer Affairs – Board and Bureaus	9600	Debt Service for General Obligation Bonds
1690	Seismic Safety Commission	9620	Payment of Interest on General Fund Loans
1701	Department of Business Oversight		
2100	Alcoholic Beverage Control		
2120	Alcoholic Beverage Control Appeals Board		
2240	Department of Housing and Community Development		
7502	Department of Technology		
7730	Franchise Tax Board		
7760	Department of General Services		
7870	Victims Compensation and Government Claims Board		
8260	California Arts Council		
8385	Citizens Compensation Commission		
8620	Fair Political Practices Commission		
8640	Political Reform Act of 1974		
8780	Milton Marks “Little Hoover” Commission		
8790	California Commission on Disability Access		
8820	Commission on the Status of Women and Girls		
8830	California Law Revision Commission		

Control Sections:

1.50	Audit Requirements
6.10	Funding for Deferred Maintenance Projects
6.20	Local Government Mandates Trigger
9.45	Reporting for Resources Bond Expenditures
11.00	Changes to Information Technologies Projects

Subcommittee No. 5 – Corrections, Public Safety, and the Judiciary

- 0250 Judicial Branch
- 0280 Commission on Judicial Performance
- 0390 Contributions to Judges' Retirement System
- 0552 Office of the Inspector General
- 0820 Department of Justice
- 0855 Gambling Control Commission
- 5225 Department of Corrections & Rehabilitation
- 5227 Board of State and Community Corrections
- 6645 CSU Health Benefits For Retired
- Annuitants
- 7100 Employment Development Department
- 7120 California Workforce Investment Board
- 7320 Public Employment Relations Board
- 7350 Department of Industrial Relations
- 7501 Department of Human Resources
- 7503 State Personnel Board
- 7900 Public Employees' Retirement System
- 7920 State Teachers' Retirement System
- 8120 Commission on Peace Officer
 Standards and Training
- 8140 State Public Defender
- 8550 California Horse Racing Board
- 9650 Health and Dental Benefits
 For Annuitants
- 9800 Augmentation for Employee Compensation

Control Sections:

- 3.60 Contributions to Public Employee
 Retirement Benefits
- 4.20 Public Employee's Contingency
 Reserve Fund

SUBCOMMITTEE 1
ON EDUCATION
FINAL ACTION REPORT

Senate Budget and Fiscal Review Committee

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SUBCOMMITTEE No. 1

EDUCATION

K-12

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K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

K-14 EDUCATION -- PROPOSITION 98 OVERALL

- **Overall Proposition 98 Expenditures.** Adopted the Governor's May Revision revenue estimates, which generally provides Proposition 98 funding at the Governor's May Revision funding levels for K-12 schools and community colleges (K-14 education), as illustrated below:

Budget Year	Proposition 98 Minimum Guarantee	Change from Estimated Guarantee as of June 2013	Applicable Proposition 98 Test ¹	K-12 Overall Per Pupil Expenditures ²
2012-13	\$57.8 billion	\$1.3 billion increase	Test 1	\$7,575
2013-14	\$58.3 billion	\$3.0 billion increase	Test 3	\$7,933
2014-15	\$60.9 billion	\$729 million decrease	Test 1	\$8,759

- Of the \$60.9 billion appropriated in 2014-15, \$53.5 billion (87.9 percent) funds K-12 education, while \$6.6 billion (10.8 percent) funds community colleges, \$664 million (one percent) funds preschool and child care programs that are counted within Proposition 98, and \$77 million (less than one percent) funds other programs.
- Adopted the Governor's estimates of statewide average daily attendance, including 5,975,558 pupils in 2014-15.
- **Proposition 98 Obligations.** Adopted the following significant investments in retiring the state's education-related debts:
 - **Deferral Elimination.** Eliminated \$5.2 billion in Proposition 98 payment deferrals for K-14 education. In addition, if the combined 2013-14 and 2014-15 minimum guarantees rise above the levels assumed in the 2014 Budget Act, as determined by the Director of

¹ In general, Test 1 is calculated based on a specified percent of GF revenues (currently around 39 percent). Test 2 is calculated based on prior year funding, adjusted for changes in per capita personal income and attendance. Test 3 is calculated based on prior year funding, adjusted for changes in GF revenues, plus 0.5 percent and attendance.

² Figures do not include the value of deferral repayments.

Finance on May 13, 2015, the higher funding will be used to retire some or all of the remaining \$992 million in deferrals for local educational agencies (LEAs) and community colleges. If there is sufficient funding to eliminate the full \$992 million in additional deferrals, these combined repayments would reverse all prior deferrals. The deferrals, which were utilized to mitigate programmatic reductions for K-12 schools and community colleges, reached an all-time high of \$10.4 billion in 2011-12, with \$6.2 billion remaining in 2013-14. Their elimination will reduce the borrowing costs that many entities have borne in order to manage the deferrals. The Governor proposed eliminating all deferrals, without the \$992 million being subject to the trigger.

- **Mandates Backlog.** Appropriated \$450 million to pay down the K-14 education mandates backlog, which totaled over \$5 billion in mandate costs from prior years. The “backlog” accumulated due to the state’s earlier deferrals of the required payments, which reimburse local governments for new programs or higher levels of service that the state requires of them. The budget established the Legislature’s intent for the portion of these payments being provided to K-12 schools (\$400 million) to be dedicated to continuing implementation of the Common Core State Standards, the English Language Development Standards, and the Next Generation Science Standards. The Governor did not propose for the state to make any mandates backlog payments in 2014-15.
- **Quality Education Investment Act (QEIA).** Adopted the Governor’s proposal to provide the final payment of \$409.6 million non-Proposition 98 GF to fulfill the state’s obligation stemming from settlement of the *California Teachers’ Association v. Schwarzenegger* litigation, which established the QEIA. The funds were appropriated to the QEIA program (\$267 million), the Community Colleges QEIA Career Technical Education program (\$48 million), and the Emergency Repair Program (\$94.6 million).
- **Emergency Repair Program.** Approved the Governor’s proposal to provide \$188.6 million total funding for the Emergency Repair Program, which was created in response to the *Williams v. California* litigation settlement in 2004. After accounting for this and prior funding, the state’s remaining obligation for critical repairs of low-performing schools is approximately \$274 million.
- **Settle-Up Payment.** Rescheduled the appropriation of an outstanding 2006-07 “settle-up” balance (\$212 million in non-Proposition 98 General Fund) from 2014-15 to 2015-16, as proposed by the Governor. As a result, those funds were freed up for other uses.
- **K-12 High-Speed Network.** Approved the Governor’s proposal to re-appropriate \$26.7 million in one-time Proposition 98 GF savings to further support Common Core implementation through Internet network connectivity infrastructure grants. Established requirements for related reports, including a statewide assessment of Internet network connectivity infrastructure to be submitted to the Department of Finance, Legislative Analyst’s

Office (LAO), and budget committees of the Legislature by March 1, 2015, and a report to be submitted upon distribution of all available grant funding.

- **Cost-of-Living Adjustments.** Approved the Governor’s proposal to provide \$32.9 million to support a 0.85 percent cost-of-living adjustment (COLA) to specified K-12 education programs, including Foster Youth Services, American Indian Centers, American Indian Early Childhood Education, Special Education, and Child Nutrition programs.

LOCAL CONTROL FUNDING FORMULA (LCFF)

- **Appropriation of Funds.** Appropriated \$4.8 billion in additional resources from the General Fund for allocation through the LCFF to LEAs (\$4.722 billion for school districts and charter schools and \$25.9 million for county offices of education (COEs)). This was approximately \$250 million more than the Governor proposed in the May Revision and includes approval of a 0.85 percent COLA for 2014-15. As a result, filled 30 percent of the “gap” to full funding of the school district and charter school LCFF targets that were established in 2013-14 (and are annually updated as each LEA’s target funding, and the overall LCFF targets, are adjusted to reflect revised caseload estimates, demographics, and COLAs). Further, as a result, fully funded the COE LCFF targets.

Additionally, given the importance of the Legislature’s role in annually making budget-related determinations, including the funding levels for LCFF, rejected the Governor’s proposed trailer bill language that would have required the state to appropriate a fixed percentage of Proposition 98 funding for LCFF implementation each year.

- **Implementation Report.** Established a requirement, through Legislative initiative, for the State Board of Education (SBE), in consultation with the California Department of Education (CDE), to report, no later than February 1, 2015, on the status of implementation of the LCFF. At a minimum, the report shall include specified information, including a description of implementation challenges to date and efforts made to address those challenges, as well as observations about the first year of implementation of Local Control and Accountability Plans, and the SBE’s long-term vision for the provision of support and guidance to LEAs.
- **Calculation of Unduplicated Pupils.** Approved the Governor’s proposal to authorize schools participating in Provisions 2 or 3 of the National School Lunch Program (which allow for free meals to be provided to all enrolled pupils at schools with very high poverty rates) to establish base-year student eligibility for free or reduced-price meals no less than once every four years, provided that they annually update their counts of eligible students, as specified. Required the Superintendent of Public Instruction (SPI) to revise an LEA’s three-year rolling average number of unduplicated students by using 2014-15 student data in place of 2013-14, if doing so would increase the LEA’s rolling average. Expressed legislative intent to review, for each school district and COE, the enrollment of unduplicated pupils for the 2013-14 and 2014-15 fiscal years, and to provide one-time funding, if necessary, for those with higher enrollment of

unduplicated pupils in 2014-15 compared to 2013-14. Further, refined the definition of foster youth for purposes of calculating unduplicated pupils.

- **Career Technical Education Programs.** Rejected the Governor's proposals to fold the Specialized Secondary Programs (SSP) and Agricultural Education Grants into the LCFF. Instead, retained these programs as separate categorical programs and continued funding them outside of the LCFF.
- **Economic Recovery Targets (ERTs).** Approved the Governor's proposals to specify that 2013-14 average daily attendance calculations are final as of the second principal apportionment (P-2) for purposes of establishing ERTs. Additionally, approved proposed clarifications that the full ERT amount shall be added on to the LCFF when the LCFF is fully implemented, and that ERTs shall (rather than may) be subject to property tax offsets.
- **Definition of Homeless Students.** Approved the Governor's proposal to clarify the district of residence for homeless students. Specifically, if the student's past district of enrollment cannot be determined, the district of residence will be deemed the largest non-basic aid district (in terms of average daily attendance) serving the student's grade level within the county.
- **Other Changes to LCFF Calculations.** Approved the Governor's trailer bill language proposals to make the following additional changes:
 - Required the base entitlement for the transition to the LCFF to be adjusted to reflect the exclusion of one-time redevelopment agency liquid asset recovery revenue, as specified;
 - Set the point-in-time (P-2/Annual) for specified calculations, including revenue limits, charter grants, necessary small schools, and charter school physical locations; and
 - Repealed the unique revenue limit funding adjustment related to an inter-district attendance agreement between the Fallbrook Union High School District and Capistrano Unified School District, and required the amount of state apportionments provided to these districts for the 2012-13 fiscal year to be included in specified LCFF computations, consistent with existing LCFF provisions that ensure no district receives less funding than it did in 2012-13. These districts will continue to have a unique inter-district transfer agreement for the purpose of receiving federal impact aid funds.
- **LCFF Changes Impacting Charter Schools.** Approved the Governor's trailer bill language proposals to make the following additional changes:
 - Required each charter school to annually report its physical location to CDE, under timeframes established by the department, for the purpose of determining the cap on the charter school's concentration grant. Specified that the location of the charter school is considered final as of the second principal apportionment of funding each year.

- Added juvenile court students to the list of students for which a county program charter can receive the county LCFF rate, and clarified LCFF apportionments for county students attending a county program charter;
 - Clarified that all-charter districts can continue to receive declining enrollment adjustments under the LCFF; repealed prior language that allowed all-charter districts to receive declining enrollment adjustments under the former Charter School Block Grant; and clarified that for purposes of LCFF, all-charter districts are treated as school districts;
 - Specified that excess in-lieu payments made to charter schools would be used to offset state aid;
 - Clarified the “gap” funding calculation for countywide charter schools with students from basic aid districts, by utilizing prior year basic aid status to compute in-lieu payments during the transition to full LCFF implementation;
 - Authorized county charter programs to seek in-lieu payments from the district of residence for students not funded under the county rate (with the aim of treating county program charters in the same manner as COEs); and
 - Clarified that the oversight fee paid by a charter school to the entity that provides oversight will be calculated based on the charter school’s annual LCFF allocation, including the base, supplemental, and concentration grants.
- **Supplemental Revenue Augmentation Fund (SRAF) Transfer.** Approved the Governor’s proposal to authorize the Director of Finance to determine the amount of restricted excess local property tax revenue available for transfer to the SRAF. Clarified that COEs should report to the State Controller’s Office (SCO), rather than the county auditor-controller, SRAF funds that offset General Fund costs of the trial courts, since the SCO implements that offset.
 - **Instructional Day/Time Penalties.** Approved the Governor’s proposal to make four-day school week instructional day and minute-related requirements and penalties for COEs the same as those applicable to school districts under the LCFF. COEs and four-day school week programs would continue to be authorized, through 2014-15, to reduce the minimum required school year by up to five days of instruction, or the equivalent number of instructional minutes without incurring penalties.
 - **Basic Aid Program Adjustments.** Approved the Governor’s proposal to clarify that basic aid choice, open enrollment, supplemental, and court-ordered voluntary pupil adjustments are based on LCFF target base grants, not the necessary small school funding rates, if the student’s district of residence is funded as a necessary small school.

- **Local Control and Accountability Plan (LCAP) Review Provisions.** Approved the Governor's trailer bill language proposal to specify that the SPI shall perform the duties of a county superintendent of schools, with respect to approval of an LCAP, if the county superintendent of schools has jurisdiction over only a single school district. This change is consistent with the SPI's role in reviewing and approving the budgets for such districts.
- **Out-of-State Tuition.** Approved the Governor's trailer bill language proposal to clarify that county superintendents and school districts may continue authorizing students to attend schools in adjoining states, and to specify that out-of-state attendance is credited to the school district of residence. Further, reimbursed LEAs for out-of-state tuition and transportation costs incurred in the 2013-14 fiscal year. This change was intended to provide a one-time hold harmless payment of those costs for districts that entered into out-of-state tuition contracts before last year's enactment of LCFF-related statutes, which repealed the state's obligation to reimburse all out-of-state tuition costs incurred by LEAs.
- **LCAP Template Adoption Process.** Approved the Governor's proposal for trailer bill language to allow the SBE to adopt the LCAP template pursuant to the Bagley-Keene Open Meetings Act process, with specified restrictions, rather than the Administrative Procedures Act. However, the Legislature modified the proposal to make this authority temporary, rather than permanent. The change is authorized until January 31, 2018.
- **COE Funding Restrictions.** Approved the Governor's trailer bill language proposal to repeal spending restrictions associated with COE funding that is generated by the attendance of students in juvenile court and county community schools. Authorized COEs to spend funds previously deposited as capital outlay reserves for any purposes specified in their LCAP.
- **Necessary Small Schools (NSS).** Approved the Governor's trailer bill language proposal to clarify that the SPI, not a county superintendent of schools, calculates NSS funding for qualifying districts. Expanded the definition of a necessary small high school for certain high schools for three years.
- **Maximum Class Size Penalties Methodology.** Approved the Governor's trailer bill language proposal to revise the methodology for assessing penalties for exceeding maximum class size limits based upon the new grade-level funding rates under the LCFF.
- **Beginning Teacher Induction Services.** For 2013-14 and 2014-15, approved trailer bill language to require the Alameda County Superintendent of Schools to withhold a specified amount from the LCFF apportionments of the Newark Unified School District, and from those withheld funds, to allocate funding to four other districts that previously received such amounts as funds passed through by the Newark Unified School District (serving as a fiscal agent) for purposes of beginning teacher induction and training services (BTSA).

- **County School Service Fund.** Approved the Governor's proposal to repeal an annual \$100,000 appropriation, referred to as the County School Service Fund Contingency Account, that reimbursed COEs for certain travel-related expenses. The change was intended to provide greater flexibility, consistent with the enactment of the LCFF.
- **FCMAT funding.** Approved the Governor's proposal to provide \$500,000 to support the operations of the Fiscal Crisis and Management Assistance Team (FCMAT) with respect to LCFF-related workload.

EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS

- **Preschool.** Reinvested in access to, and enhanced the quality of, the California State Preschool Program (CSPP), which provides part-day or full-day care and education for low-income three and four-year-old children, through the following actions:
 - Codified the state's intent to provide access to high quality preschool for all low-income children, and access to full-day, full-year early education and care for children from working families. This commitment begins with 11,500 new preschool slots that are included in the budget.
 - Provided a total of \$664 million in Proposition 98 funding for the CSPP. This includes \$30 million Proposition 98 GF to add 7,500 CSPP slots in 2014-15, and another 4,000 slots as of June 15, 2015. The budget also provided \$40 million non-Proposition 98 General Fund to make these additional slots full-day, full-year services. The Governor did not propose any new CSPP slots. Roughly 150,000 children will be served in the CSPP in 2014-15.
 - Repealed family fees for part-day CSPP services and backfilled the associated revenue. These fees were established by the 2012-13 budget and would otherwise have been expected to result in around \$15 million in funding for the program. The Governor did not propose any changes to the fee structure.
 - Commencing June 15, 2015, established a requirement for the SPI to consider different criteria and data in awarding preschool expansion funds, and to prioritize applicant agencies that would maximize progress toward achieving access to full-day, full-year services for all income-eligible four-year-olds with working parents. Further, authorized a family child care home education network to be eligible for expansion funding.
 - Established a Quality Rating and Improvement System (QRIS) block grant to support local early learning quality rating and improvement systems that increase the number of low-income children in high-quality preschool programs. The SPI, in consultation with the Executive Director of the SBE, will allocate the block grant funds based on the number of CSPP slots within a county or region.

- Authorized a CSPP contracting agency to retain a reserve fund balance equal to fifteen percent of the sum of the maximum reimbursable amount of its preschool contracts, of which two-thirds can be used for professional development for CSPP instructional staff.
- Provided an augmentation of \$10 million to the Child Care Facilities Revolving Fund for LEAs offering CSPP, allowing the LEAs to apply for new funds to purchase, renovate, or repair preschool facilities.
- **CalWORKs Child Care.** Approved \$371.5 million for Stage 1 child care, \$354.4 million for Stage 2 child care, and \$219.8 million for Stage 3 child care.
- **Child Care Slots.** Provided 500 new alternative payment slots and 1,000 new general child care slots.
- **Payment Rates.** Increased the Standard Reimbursement Rate (SRR), which is used to fund the CSPP, as well as child care programs governed by standards contained in Title 5 of the California Code of Regulations (“Title 5 Centers”), by five percent. As a result, the 2014-15 SRR is \$9,024.75 per unit of average daily enrollment for a 250-day year. This change is anticipated to cost \$25 million in Proposition 98 GF (for CSPP) and \$24 million in non-Proposition 98 GF (for child care) in 2014-15. The Governor did not propose changes to the SRR.
- Effective January 1, 2015, approved an increase of the regional market rate (RMR) to a deflated 85th percentile of the 2010 survey for CalWORKs child care and alternative payment programs. The Governor did not propose changes to the RMR.
- **Transitional Kindergarten.** Enacted the following changes to Transitional Kindergarten (TK), which serves age-eligible four-year-olds:
 - Established a requirement that teachers assigned to a TK class after July 1, 2015, be credentialed and, by August 1, 2020, have a minimum number of units in early childhood education or childhood development, comparable experience in a preschool setting, or a child development permit issued by the Commission on Teacher Credentialing (CTC); and
 - Established intent for TK curriculum to be aligned to the California Preschool Learning Foundations curriculum developed by CDE.
- **Child Care and Development Qualifications.** Established a requirement, by July 1, 2016, for the CTC to review, and update, if applicable, the requirements for issuance or renewal of permits that authorize: a) service in the care, development, and instruction of children in child care and development programs, and b) supervision of a child care and development program.

- **Race to the Top Early Learning Challenge Grant.** Approved the Governor's proposal to provide an additional \$7.7 million in federal funds from the supplemental grant award for local project activities, and \$1 million and three limited-term positions for state operations and contracts, all of which are intended to improve the quality of early learning programs. Additionally, approved the Governor's proposal to shift grant funds from 2013-14 to 2014-15, including \$3.2 million for state operations and \$1.8 million for local assistance.

K-12 CAREER TECHNICAL EDUCATION

- Provided an additional \$250 million in one-time funding for the Career Pathways Trust competitive grants program, which is intended to allow more students the opportunity to apply classroom academics to specific careers of interest. More than 120 school districts, charter schools, county education offices and community colleges submitted grant applications for \$250 million that was included in the 2013-14 budget. CDE awarded the final grants from the first round of funding to 39 local and regional school consortia around the state. The Governor did not propose additional funding for these purposes.
- Established a statutory framework for the Career Pathways Trust program, including requirements applicable to grant recipients, and requirements applicable to the SPI's administration of the program.
- Approved the Governor's proposal to provide \$400,000 in one-time carryover funds for career technical education to support completion of three projects that were delayed in 2013-14.
- Provided \$275,000 in one-time carryover funds for an evaluation of the Linked Learning Pilot Program. The Governor had proposed \$200,000 for this purpose. Adopted related budget bill language that requires CDE to conduct a competitive bidding process to select the program evaluator, and specified that any funds not spent on the evaluation shall be redirected to program participants. Correspondingly, provided \$125,000 (rather than the Governor's proposed funding level of \$200,000) of additional one-time carryover funding to existing Linked Learning program participants.

SCHOOL FACILITIES

- Approved the Governor's estimated revenue of \$705 million resulting from the California Clean Energy Jobs Act (Proposition 39). The funds for K-12 schools and community colleges total \$345 million, and are dedicated as follows: 1) \$279 million and \$38 million, respectively, for K-12 school and community college districts for energy efficiency project grants, and 2) \$28 million for a revolving loan program for schools and community colleges. Additionally, allocated \$5 million to the California Conservation Corps for continued technical assistance to K-12 schools, and \$3 million to the California Workforce Investment Board for continued implementation of a job-training program.

- Approved trailer bill language to transfer any remaining authority in the Career Technical Education Facilities Program and High Performance Incentive Grant program, after January 1, 2015, to new construction and modernization programs, as specified. The Governor proposed these changes (though on a different timeline), along with the transfer of remaining funding from the Overcrowded Relief Grant and Seismic Mitigation programs. The Legislature rejected those additional transfers of funding.
- Established requirement for the Office of Public School Construction to report to the State Allocation Board and Legislature, by March 1, 2015, on efforts to streamline and speed up the award of seismic mitigation funds.
- Approved the Governor's proposed trailer bill language to eliminate the State School Deferred Maintenance Fund, which was previously consolidated into the LCFF. Further, approved the Governor's proposal to transfer remaining School Building Aid Funds, which were historically used to support the Deferred Maintenance program, to the Emergency Repair Program.
- Approved the Governor's proposal to allocate \$5 million in one-time, non-Proposition 98 GF resources for deferred maintenance projects at the State Special Schools, contingent upon a determination related to property tax revenues that count toward Proposition 98 for 2013-14. This funding was part of a larger budget action to address deferred maintenance in a variety of state-run facilities (see State Administration section of this report). *Note: The Department of Finance determined in July 2014 that the specified revenues did not reach the level required for these appropriations to be triggered.*

ASSESSMENTS

- Approved the Governor's proposals for a total of \$149.6 million (\$126.9 million in Proposition 98 funding and \$22.7 million in federal funding) for student assessments in 2014-15, which is a \$52 million increase over the 2013-14 appropriation. This includes \$125.9 million for state-level contract costs (for the development and support of new assessments, as well as ongoing assessments) and \$23.5 million to cover test administration costs.
- Renamed the state student assessment system from the Measurement of Academic Performance and Progress (MAPP) to the California Assessment of Student Performance and Progress (CAASPP).
- Approved the Governor's proposal to shift \$1.2 million in federal Title VI contract savings from 2013-14 to 2014-15, to support development of the new English Language Proficiency Assessments for California. Further, adopted budget bill language to require CDE to submit to DOF and the Legislature, by October 1, 2014, an implementation timeline, with associated activities and costs, for the development of these assessments.

- Approved the Governor's proposed clarification that the administration of the Standards-Based Test in Spanish to English-language learners is funded by the state, and the administration of the test to non-English learners in dual-immersion classrooms is at the discretion and expense of LEAs.
- Established, through the adoption of budget bill language, a requirement for representatives of the Department of Finance, CDE, LAO, and legislative staff, and the vendor(s) of the state's CAASPP contract to meet on an annual basis, every April and October, to review detailed fiscal information regarding the current components and costs of the contract. The group shall also explore ways to make improvements to the state's assessment system or achieve related savings.

OTHER CDE STATE OPERATIONS ISSUES

- Provided total state operations funding of \$355 million, and authority for 2,561 positions, for CDE Headquarters and the State Special Schools, including the effects of the actions described below.
- Approved the Governor's proposals to provide the funding and additional positions described below, with modifications as noted:
 - **LCFF Implementation.** 1) \$1.1 million GF to support eight positions focused on the accountability-related changes contained in the LCFF, 2) \$852,000 GF to support six positions working on the apportionment, and the fiscal oversight of, funding provided through the LCFF, 3) a re-appropriation of \$227,000 GF for the costs of reprogramming apportionment software to align with the LCFF, and 4) \$240,000 GF and two positions to support implementation of data-sharing, accountability changes, and reporting requirements related to provisions impacting foster youth. The Legislature approved one of these last positions as a two-year, limited-term position (as was proposed by the Governor), and the other as a permanent position.
 - **Assessments.** \$926,000 GF to support: 1) two consultants that will oversee the development and implementation of the Smarter Balanced Testing Hosting Solution (on a one-time basis): an independent verification and validation (IV&V) consultant, and an independent project oversight consultant (IPOC), and 2) up to four positions (two technology positions and two consulting positions) at CDE. The Legislature revised the Governor's proposed authority for the technology positions to make them permanent, rather than three-year, limited-term. The Legislature also added a requirement, in budget bill language, for notification to the Joint Legislative Budget Committee of the Administration's intent to approve the authorized consultant positions.

- **Pupil Fee Complaint Process.** \$114,000 GF and one consultant position to implement the appeal requirements of AB 1575 (Lara), Chapter 776, Statutes of 2012. This measure established the Uniform Complaint Procedures process as the required local process for addressing complaints about the imposition of pupil fees and authorized appeals of schools' decisions to be made to CDE. The 2013-14 budget provided CDE with \$109,000 and one position, beginning in 2013-14, for other aspects of this measure related to monitoring, technical assistance, and state regulations.
- **Instructional Quality Commission.** \$270,000 GF for the Instructional Quality Commission to review and revise, as needed, the curriculum framework for history-social science to include civics education and financial literacy, pursuant to the requirements of AB 137 (Buchanan), Chapter 225, Statutes of 2013, and AB 166 (Roger Hernández), Chapter 135, Statutes of 2013, and to develop a revised curriculum framework and evaluation criteria for instructional materials in science based on the Next Generation Science Standards, pursuant to SB 300 (Hancock), Chapter 480, Statutes of 2013.
- **Charter School Petition Appeal Reviews.** \$115,000 GF and one consultant position for CDE to review various charter school appeals submitted to the SBE. Under state law, SBE may authorize charter school petitions that are denied by school districts and COEs, and consider charter school appeals regarding local non-renewal and revocation decisions. SBE has delegated, to CDE, the authority to review these charter school appeals.
- **Fee Reimbursements for Adoption of English Language Arts/English Language Development Instructional Materials.** \$281,000 in reimbursement authority for CDE to collect fees from publishers that participate in a forthcoming statewide adoption of new instructional materials for English Language Arts/English Language Development, pursuant to the requirements of SB 201 (Liu), Chapter 478, Statutes of 2013.
- **School Supplies for Homeless Children.** \$100,000 from the School Supplies for Homeless Children Fund for the costs of administering new competitive grant funds for school supplies and health-related products for homeless pupils, pursuant to the requirements of SB 1571 (DeSaulnier), Chapter 459, Statutes of 2012.
- **Migrant Education Program.** \$501,000 in federal funds (transferred from local assistance contracts to state operations), and three permanent consultant positions, for the Migrant Education Program. These funds will support the State Parent Advisory Council, the Identification and Recruitment program, and oversight of program data systems, which are areas where long-standing program deficiencies have been found through program monitoring and audits.

- **English Language Learners.** Allocated \$493,000 in one-time federal Title III funds to support the alignment of the 2012 English Language Development standards with academic standards for mathematics and science, pursuant to the requirements of AB 899 (Weber), Chapter 709, Statutes of 2013. The Governor proposed \$321,000 GF to fund this effort. The Legislature approved that amount of funding, but shifted the fund source to federal funds, and provided an additional \$172,000 for CDE's costs for this work. Correspondingly, the Legislature acted to change the fund source for \$321,000 that supports existing positions at CDE that work on state-required (rather than federally-required) activities related to English learners from federal funds to GF.
- **Nutrition Programs.** Approved the Governor's proposals to provide:
 - \$2.9 million one-time Federal Trust Fund resources for statewide training, technical assistance, and oversight regarding the nutritional standards established by the federal Healthy, Hunger-Free Kids Act of 2010.
 - Specification that \$174,000 of existing Federal Trust Fund resources and two existing positions are available to coordinate training and technical assistance regarding the Child and Adult Care Food Program.
 - Specification that \$1.3 million of existing Federal Trust Fund resources and 15 existing positions are available to address increased child nutrition program administrative review workload required by the Healthy, Hunger-Free Kids Act of 2010.
 - Authorization for one ongoing and two three-year, limited-term positions to support implementation of a free and reduced-price meal direct certification process using Medi-Cal data (assuming that the federal government selects the state to participate in the demonstration project). No additional funding authority was necessary to support these positions.
- **SACS Replacement.** Approved the Governor's proposals to provide a total of approximately \$6.1 million (\$1.1 million GF, \$2.5 million federal funds, and \$2.5 million GF that was re-appropriated from 2013-14) in 2014-15 to fund the Standardized Account Code Structure (SACS) Replacement Project. SACS is CDE's standardized system for collecting, reviewing, and disseminating financial data from LEAs. The replacement project will develop a more flexible, integrated, and web-based system.

OTHER ISSUES

- **Special Education Funding.** Approved proposed overall funding for special education of \$5.0 billion. Additionally, 1) specified amounts of funding allocated in the budget acts of 2012 and 2013 that would count toward the 2010-11 fiscal year MOE requirement for the special education program, 2) adjusted special education GF apportionments in 2014-15, based on an

updated determination of revenues related to the dissolution of redevelopment agencies, 3) approved the Governor's proposed appropriation of \$12.9 million in one-time, rather than ongoing, Proposition 98 funds for special education, and 4) provided \$4.9 million in one-time federal Individuals with Disabilities Education Act (IDEA) carryover funds to support special education services.

- **Accessible Instructional Materials.** Approved the Governor's May Revision proposal to provide \$4.5 million in federal IDEA funding to support the provision of accessible instructional materials for visually impaired students to LEAs. This was a change from the Governor's January proposal, which would have instead imposed fees upon LEAs for the provision of these materials to them by CDE. Additionally, requested that the LAO propose future options for establishing a fee structure.
- **Mandates Block Grant.** Revised the list of programs that are included in the mandates block grant, rather than reimbursed on a program-specific basis for those who opt into block grant funding, and approved proposed funding of \$1,000 for each of these mandates. Specifically, approved the Governor's proposals to add the following mandates to the block grant:
 - Uniform Complaint Procedures. This mandate relates to the requirement for K-12 schools to respond to specified types of complaints, including those related to subsidized school meals, certain adult education programs, most special education activities, and specified kinds of discrimination. The Commission on State Mandates (CSM) estimated an annual statewide cost for this mandate of \$34,751.
 - Charter Schools IV. This mandate relates to activities performed by charter authorizers (e.g., reviewing proposed countywide charters, receiving financial information from charter schools they have authorized). The CSM estimated an annual statewide cost for this mandate of \$4,261.
 - Public Contracts. This mandate relates to activities that are required when school districts and community colleges must contract out for specified work to be completed. The CSM estimated an annual statewide cost for this mandate of \$32,932.
 - *Williams* Case Implementation. This mandate relates to requirements for LEAs relating to teacher assignment, instructional materials, and school facilities that were enacted in response to the settlement of the *Williams* lawsuit. The CSM estimated an annual statewide cost for this mandate of \$106,183.
 - Parental Involvement Program. This mandate relates to activities the state requires schools to undertake to facilitate parental involvement (e.g., adopting a related policy, allowing parents to observe classes). The CSM estimated an annual statewide cost for this mandate of \$125,268.

- **Developer Fees.** This mandate relates to requirements for school districts to notify cities or counties under specified circumstances when schools are overcrowded (which may impact a related levying of fees on real estate developers). The CSM estimated an annual statewide cost for this mandate of \$34,209.

Additionally, provided \$1,000 for both the existing Student Records and Graduation Requirements mandates, which were inadvertently omitted from the claims process budget bill item last year.

- **Independent Study Program.** Enacted trailer bill changes to streamline some of the requirements of the current Independent Study program, such as, not requiring a teacher signature on every assignment, permitting year-long Independent Study agreements, and allowing for electronic parent signatures. Also, created a new course-based Independent Study option, which will be available to LEAs beginning in 2015-16, with requisite standards for instructional minutes, course rigor, and quality.
- **Local Reserve Funds.** Enacted trailer bill language to require, beginning in 2015-16, the governing board of a school district, when adopting a budget that includes a reserve above the local minimum recommended reserve adopted by the SBE, to provide the following information for public review: the minimum recommended reserve adopted by the SBE, the district's fund balance in excess of the recommended reserve, and a statement substantiating the need for the higher reserve level. In the event that Assembly Constitutional Amendment (ACA) 1 is passed by voters, the following additional changes would apply: (i) in the immediate fiscal year following a fiscal year that a transfer is made to the Proposition 98 reserve, local districts would be prohibited from having reserves in excess of two to three times the minimum recommended reserve amount; (ii) districts with less than 400,000 units of average daily attendance would be capped at two times, while districts with more than 400,000 would be capped at three times this amount; (iii) a county superintendent of schools could grant a school district an exemption from this requirement for up to two years within a three year period, if the district provides documentation indicating the need for a reserve above these levels.
- **California Collaborative on Educational Excellence.** Approved the Governor's proposal to extend the encumbrance period, to 2014-15, for \$10 million that was allocated for the Collaborative in 2013-14;
- **State Teachers' Retirement Plan (STRS) Retirees.** Extended, until June 30, 2017, an exemption that allows retired members of the STRS Defined Benefit Program to earn specified postretirement compensation in any one school year, without a reduction in retirement allowance.

- **Charter School Apportionments.** Prohibited, for 2014-15 only, charter schools whose charters were granted by their chartering authorities after July 1, 2014, from claiming K-12 LCFF apportionments for pupils in correctional facilities. Allowed these same charter schools to receive funding from the Adults in Correctional Facilities program, provided that they meet the program's eligibility requirements. Also prohibited, for 2014-15 only, all charter schools whose charters were granted after July 1, 2014, from claiming K-12 LCFF apportionments for pupils over the age of 19 who have not remained continuously enrolled in a public school. Although most charter schools were already prohibited from claiming funding for these students, the state previously allowed charter schools providing instruction in partnership with certain state and federal job training programs to serve students of any age.
- **Charter School Oversight.** Rejected, without prejudice, the Governor's proposed trailer bill language that would have allowed the SBE to delegate its oversight of SBE-authorized charter schools to any school district or COE. The Legislature indicated that the proposal would more appropriately be pursued through the legislative policy process.
- **School Supplies for Homeless Children.** Approved the Governor's proposal to appropriate \$530,000 in special fund resources to provide school supplies and health-related products for up to 10,000 homeless pupils. Consistent with SB 1571 (DeSaulnier), Chapter 459, Statutes of 2012, the funds, which are contributed voluntarily by taxpayers, will be distributed through a competitive grant program.

6360 COMMISSION ON TEACHER CREDENTIALING (CTC)

Approved as budgeted, including a total of \$20.4 million (all special fund) and the following changes:

- Trailer bill language to allow the CTC to institute fees for the standard costs of accreditation for existing educator preparation programs.
- Trailer bill language to authorize fund transfers, which generally must be repaid within 60 days, from the Test Development and Administration Account to the Teacher Credentials Fund, for cash flow-related purposes.
- An increase of \$175,000 in one-time federal funding, and corresponding budget bill changes, to fund the development of a dual Special Education/General Education teacher preparation and credential program.

Additionally, approved \$600,000 in one-time carryover federal Title II funds (which flow through CDE) to support Administrator Induction programs that are approved by the CTC.

Education Budget Trailer Bills

1. *Education Budget – Omnibus Trailer Bill. SB 858 (Budget and Fiscal Review) Chapter 32; Statutes of 2014.*
2. *Education Budget – Local Control Funding Formula. SB 859 (Budget and Fiscal Review) Chapter 33; Statues of 2014.*
3. *Education Budget – School Facilities SB 869 (Budget and Fiscal Review) Chapter 39; Statues of 2014.*

HIGHER EDUCATION

HIGHER EDUCATION CROSSCUTTING ISSUES

- Approved \$50 million GF, on a one-time basis, to create the Awards for Innovation in Higher Education program. As proposed by the Governor, applications for awards can be submitted by a University of California (UC), California State University (CSU), community college, or a group of any of these entities. These incentive awards are proposed to encourage and recognize models of innovation in higher education that focus on the following priorities:
 1. Significantly increase the number of individuals in the state who earn bachelor's degrees;
 2. Allow students to earn bachelor's degrees that can be completed within four years of enrollment in higher education; and,
 3. Ease transfer through the state's education system, including by recognizing learning that has occurred across the state's education segments or elsewhere.

The awards will be selected based on the extent to which an application proposes an innovative model that: 1) advances the state's priorities, as noted above, at a lower cost than existing instructional delivery models and without requiring that students pay increased tuition or fees; 2) includes broad participation by the segments and local educational entities in a manner that can have a statewide impact if expanded; and, 3) is likely to be implemented effectively and sustainably. The Administration anticipates that the awards process would be completed in the spring of 2015 and will be managed by a committee composed of:

1. The Director of Finance or his designee, either of whom shall serve as the chairperson of the committee.
2. A member of the State Board of Education selected by the Governor.
3. A member of the Board of Governors of the California Community Colleges (CCCs) selected by the Governor.
4. A CSU trustee selected by the Governor.
5. A UC regent selected by the Governor.
6. An appointment of the Senate Committee on Rules.
7. An appointment of the Speaker of the Assembly.

Upon notification by the Director of Finance that it has been selected for an award, an entity or group shall submit a report to the Director of Finance indicating how the awarded funds will be used and commit to reporting, on January 1, 2018 and again on January 1, 2020, an evaluation of the effectiveness of the model of higher education innovation in achieving the identified priorities and the number of bachelor degrees awarded through the model.

- Approved budget bill language requiring the UC Board of Regents and the CSU Board of Trustees to adopt a three-year sustainability plan, by November 30, 2014. Specifically, for fiscal years 2015-16, 2016-17, and 2017-18, the sustainability plans must include:
 - Projections of available resources in each fiscal year, using assumptions provided by the DOF for GF and tuition and fees.
 - Projections of expenditures in each fiscal year and descriptions of any changes necessary to ensure that expenditures in each of the fiscal years are not greater than the available resources.
 - Projections of enrollment (resident and non-resident) for each academic year within the three-year period.
 - The University's goals for each of the performance measures, as specified in Education Code, for each academic year within the three-year period.

6120 CALIFORNIA STATE LIBRARY (CSL)

- Approved \$3.3 million GF, \$2.25 million ongoing, for the State Library to increase internet speeds at local libraries. Of the amount proposed, \$2.25 million would pay for half of a \$4.5 million annual contract with Corporation for Education Network Initiatives in California for access to its high-speed internet backbone and related services. Budget bill language directs the State Library or local libraries to secure additional non-GF resources, as necessary, to ensure that public libraries have access to a high-speed network. Of the amount provided, \$1 million is on a one-time basis to purchase networking equipment for libraries. Lastly, budget bill language was adopted to require an annual report describing the implementation of this project, including how many libraries are participating, how the participating libraries' technology costs and Internet speeds have changed due to the project, and how the \$1 million in grants were used.
- Approved \$3 million GF, including: 1) \$2 million GF for the California Library Services Act, which supports resource sharing among public libraries; and, 2) \$1 million GF for the California Library Literacy and English Acquisition Services Program, which facilitate and fund tutors for adults.
- Approved a reappropriation of \$1 million GF to support costs associated with relocating California State Library (State Library) staff and materials back to the recently-renovated Library and Courts Building. The 2013 Budget Act provided \$1.5 million GF to support onetime relocation costs for the State Library as it moved back into the renovated Library and Courts Building. The relocation was expected to be completed by May 2014. Due to delays in installing new shelving in the building, authority for the relocation funds needs to be extended into the next fiscal year.

- Approved \$192,000 GF and two positions to support the State Librarian. On March 25, 2014, the Governor announced the appointment of a new State Librarian. The Governor subsequently appointed a special assistant to assist with various research projects on behalf of the librarian. An additional administrative assistant was also added to support the librarian.
- Approved trailer bill language that extends the sunset date, to January 1, 2020, for authority to use a portion (\$65) of certain appellate court civil filing fee revenue to support the California State Law Library.

6440 UNIVERSITY OF CALIFORNIA

- Approved \$142.2 million GF, a five percent base increase over the current year funding, for the UC. In addition, pursuant to Control Section 6.10, the CSU would receive \$50 million, on a one-time basis, if certain revenue projections are met.
- Approved \$15 million in Mental Health Services Act (MHSA) funds for Behavioral Health Centers for Excellence of California at UC Los Angeles (UCLA) and UC Davis. UCLA and UC Davis have established effective partnerships with Los Angeles and Sacramento counties and will enhance these partnerships through the MHSA to meet community needs. The Behavioral Health Centers will increase our understanding of how to address mental health disparities, early intervention in psychosis, and address other concerns such as violence, incarceration, and recidivism.
- Approved \$2 million GF to establish the California Blueprint for Research to Advance Innovations in Neuroscience Act of 2014 or the Cal-BRAIN program.
- Approved trailer bill language that requests the UC Regents to establish the Cal-BRAIN program to leverage California's vast research assets and federal funding opportunities to accelerate the development of brain mapping techniques, including the development of new technologies, in order to achieve the following goals: 1) maintain California's leadership role in neuroscience innovation; 2) develop a dynamic map of the human brain, as specified; 3) grow California's economy through the expansion of high technology and biotechnology sectors; and, 4) train the next generation of scientists.
- Approved \$2 million GF to augment funding, for a total of \$4 million, provided to UC Labor Centers. The UC Berkeley and UCLA Labor Centers, and the Institutes for Research and Labor Employment in which they are housed, are the only statewide programs within the UC that specifically address the labor and employment issues affecting the State's diverse and changing workforce.
- Approved a decrease of \$876,000 from the Cigarette and Tobacco Products Surtax Fund Research Account. This adjustment was made to maintain an adequate reserve in the Cigarette

and Tobacco Products Surtax Fund Research Account due to a decrease in the amount of revenues projected to be deposited in the account.

- Approved budget bill language designating \$770,000 GF, from within the UC's main support item, for the Statewide Database at UC Berkeley. This database houses voter registration information used in the redistricting processes.
- Approved trailer bill language that makes technical and clarifying changes to statutory requirements for annual reporting on system-wide performance measures by the UC.
- Approved trailer bill language that makes technical and clarifying changes to the UC capital outlay process; moves language regarding energy conservation projects that had been included in provisional budget language into statute; and, creates one process to authorize UC energy conservation projects instead of two.
- Approved trailer bill language that provides the UC with the authority to use its GF appropriations for the Tolman Hall Seismic Replacement Building project at the Berkeley campus.

6600 HASTINGS COLLEGE OF THE LAW

- Approved \$1.3 million for Hastings to support the Administration's four-year investment plan in higher education, which began in 2013-14.

6610 CALIFORNIA STATE UNIVERSITY

- Approved \$142.2 million GF, a five percent base increase over the current year funding, for the CSU. In addition, pursuant to Control Section 6.10, the CSU would receive \$50 million, on a one-time basis, if certain revenue projections are met.
- Approved the reappropriation of \$75 million in lease-revenue bond authority to support a new administration building on the CSU Pomona campus.
- Approved budget bill language to ensure that final health rates for CSU employees could be updated after they are adopted at the end of June 2014. The budget includes an estimated \$270.1 million GF for this cost.
- Approved the Governor's proposal to shift general obligation and lease-revenue bond debt-service payments into CSU's main appropriation. Moving forward, the state no longer would adjust CSU's budget for changes in debt-service costs. Instead, the state would provide annual, unallocated base increases and the university would be responsible for funding all maintenance and debt-service from within its main appropriation.

- Approved \$442,000 GF for the Center for California Studies at CSU Sacramento to increase wages for capitol fellows. This funding will result in an hour wage for capitol fellows of approximately \$15.
- Approved trailer bill language that makes technical and clarifying changes to statutory requirements for annual reporting on system-wide performance measures by the CSU.
- Approved trailer bill language that prohibits a CSU campus, or the chancellor, from approving a student success fee before January 1, 2016, and requires the chancellor to conduct a review of the CSU student fee policy, as specified. Requires the chancellor to report to the Department of Finance (DOF) and the appropriate fiscal and policy committees of the Legislature, on February 1, 2015, regarding proposed revisions to the CSU student fee policy related to student success fees.
- Approved trailer bill language that provides the CSU with the authority to pledge up to 12 percent of the state funds provided in its General Fund support budget, less general obligation debt payments and lease payments, towards capital outlay, lease-revenue bond debt financed and pay as you go, inclusive. Further, provides the CSU with the authority to pursue capital outlay projects, after approval by DOF and review by the committees in each house of the Legislature that consider the state budget, and the budget subcommittees in each house of the Legislature that consider appropriations for the California State University.
- Approved trailer bill language that authorizes the State Fire Marshal to delegate enforcement of building standards on California State University campuses to the CSU. Authorizes the CSU to use one contract for multiple projects at multiple campuses, and to provide public notice of contract bids on its internet website.

6870 CALIFORNIA COMMUNITY COLLEGES (CCC)

- *Please see the K-12 Education section of this report for information on the overall K-14 Proposition 98 budget.*
- Approved \$170 million Proposition 98 GF to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes: 1) \$100 million to increase orientation, assessment, placement, counseling, and other education planning services for all matriculated students; and, 2) \$70 million to close gaps in access and achievement in underrepresented student groups, as identified in local Student Equity Plans. This funding is intended to allow colleges to better coordinate delivery of existing categorical programs.

For the funding provided to implement activities and goals outlined in student equity plans, the Chancellor of the CCCs is to allocate the funds in a manner that ensures districts with a greater

proportion, or number, of students who are high-need, as determined by the Chancellor's Office, receive greater resources to provide services. In addition, as a condition of receipt of the funds, the districts are required to include in their Student Equity Plan how they will coordinate existing student support services in a manner to better serve their high-need student populations.

- Approved \$1.1 million non-Proposition 98 GF, and nine positions, for the Chancellor's Office to develop leading indicators of student success and to monitor districts' performance. In addition, approved \$2.5 million Proposition 98 GF to provide local technical assistance to support implementation of effective practices across all districts, with a focus on underperforming districts.
- Approved \$140.4 million Proposition 98 GF to support enrollment growth of 2.75 percent.
- Approved \$30 million Proposition 98 GF to provide additional support for the Disabled Students Program, providing a total of \$114.2 million for the program.
- Approved \$49.5 million Proposition 98 GF to pay CCC mandate obligations.
- Approved funding for the eight community college capital outlay projects displayed in the following table:

CCC Governor's Budget Capital Outlay Proposals				
College	Project	Phase	Amount	Fund Source
College of the Redwoods	Utility Infrastructure Replacement/Seismic Strengthening	Preliminary Plans and Working Drawings	\$3.4 Million	2006 California Community College Capital Outlay Bond Fund
Solano College	Theater Renovation	Construction	\$12.6 Million	2006 California Community College Capital Outlay Bond Fund
Santa Barbara City College	Campus Center Seismic and Code Upgrades	Preliminary Plans and Working Drawings	\$1.6 Million	2006 California Community College Capital Outlay Bond Fund
El Camino College, Compton Center	Instructional Building 1 Replacement	Preliminary Plans and Working Drawings	\$782,000	2006 California Community College Capital Outlay Bond Fund
Mt. San Jacinto College	Fire Alarm System	Preliminary Plans and Working	\$413,000	2004 Higher Education Capital Outlay Bond Fund

		Drawings		
Los Rios Community College District, Davis Center	Davis Center Phase 2	Preliminary Plans and Working Drawings	\$207,000	2006 California Community College Capital Outlay Bond Fund
Citrus College	Hayden Hall #12 Renovation	Preliminary Plans and Working Drawings	\$147,000	2004 Higher Education Capital Outlay Bond Fund
Rio Hondo College	L Tower Seismic and Code Upgrades	Preliminary Plans and Working Drawings	\$1.8 million	2006 California Community College Capital Outlay Bond Fund

- Approved \$38.4 million Proposition 98 GF in the current year, and \$35.6 million Proposition 98 GF in the budget year, to shift a portion of the redevelopment agency revenues that are scheduled to be received in the final months of the fiscal year to the following fiscal year.
- Approved various technical adjustments that were proposed at the May Revision, as displayed in the following table:

Community College May Revise Technical Adjustments		
Issue	Funding	Comments
Student Enrollment Fee Revenue	\$24.7 million Prop 98 GF	Reflects a decrease in estimated student enrollment fund revenue.
Student Financial Aid Administration and Board Financial Assistance	\$1.5 million Prop 98 GF	Adjustments consistent with revised estimates of waived fees. Includes BBL adjustment.
Education Protection Account Revenues for Net Excess Tax Districts	-\$464,000 Prop 98 GF	Decrease to reflect revised estimates of the Education Protection Account revenue that is allocated to net excess tax districts.
Education Protection Account Revenues	-\$22.8 million Prop 98 GF	Decrease to reflect increased estimates of offsetting the Education Protection Account revenue.
Redevelopment Agency	\$36.2 million Prop 98 GF	Reflects revised

Revenue Shift		redevelopment agency revenues that will be received after April 15, 2014 and reflect the budget year offset.
Decrease Clean Energy Job Creation Fund Revenue	-\$1.5 million Job Creation Fund (Prop 39)	Decrease to reflect revenue estimates.
Mandated Programs Block Grant	-\$345,000 Prop 98 GF	Decrease to align block grant funding with revised full-time equivalent students estimate.
Lease-Revenue Bond Payment	\$1.1 million Prop 98 GF	Reflects the defeasing of outstanding lease-revenue bonds related to the LA Community College District's Southwest College Lecture Lab.

- Approved two reappropriations: 1) The balance of Clean Energy Job Creation Funds (Proposition 39); and, 2) \$455,066 in federal funds. The Prop 39 reappropriation will allow the community colleges to use these funds to implement energy efficient projects through 2017-18, consistent with the intent of the program. The federal funds are being reappropriated primarily due to delays in receipt of the funds. The federal funds will be granted to community colleges to continue with mandated programs, compliance regulations, and to further enhance the solar energy initiative.
- Approved \$6 million Proposition 98 GF to upgrade bandwidth and replace technology equipment at community colleges. These funds will allow the community colleges to contract for back-up connectivity services, provide one-time funding to replace technology equipment, as well as support modernization effort currently underway.
- Approved trailer bill language that codifies current regulatory requirements that each community college district maintain a student equity plan that includes the following for each community college in the district:
 - Campus-based research as to the extent of student equity by gender and for students that are current or former foster youth, disabled, low-income, veterans, or in specific ethnic and racial categories.
 - Goals for access to, and completion of, basic skills, career technical education and workforce training, and transfer courses for the overall student population and for each population group and a determination of what activities are most likely to effectively meet those goals.
 - Measures for addressing disparities, as specified, including a means of coordinating with, at a minimum, specific student equity-related categorical programs or campus-based programs.

- Sources of funds for activities in the plan.
 - A schedule and process for evaluation.
 - An executive summary that includes, at a minimum, the student groups for whom goals have been set, the goals, the initiatives that the community college or district will undertake to achieve these goals, the resources that have been budgeted for that purpose, and specific contact information. Beginning in 2016-17, the summary shall also include a detailed accounting of how funding was expended and an assessment of the progress made in achieving the identified goals.
- Approved trailer bill language that requires the CCC Chancellor to allocate funds provided for the purposes of successfully implementing the activities and goals specified in the student equity plans consistent with: ensuring that a community college district has submitted a student equity plan, ensuring that community college districts that serve greater populations of students who are high-need students or disadvantaged students receive greater resources for services, establishing criteria to determine the number of high-need and disadvantaged students in a district, and establishing a list of eligible and ineligible expenditures and activities.
 - Approved trailer bill language that makes permissive, a requirement that community colleges submit specified facilities information to the CCC Chancellor's office, thereby eliminating a reimbursable state mandate (this information will continue to be collected through the state's capital outlay process).
 - Approved trailer bill language that pays down inter-year deferrals of funding for community colleges by appropriating a total of \$592.5 million Proposition 98 GF of funds from fiscal years 2012-13, 2013-14, and 2014-15. In addition, for the month of June, defers \$94.5 million to July.
 - Approved trailer bill language that specifies that, beginning in the 2015-16 fiscal year, career development and college preparation full-time equivalent students (FTES) shall be funded at the same rate as the credit rate, as specified. The Legislative Analyst's Office is required to report by March 1, 2016, regarding the impact of this change.
 - Approved trailer bill language that requires that the CCC Chancellor develop, and the board of governors adopt, a revised apportionment growth formula for use commencing with the 2015-16 fiscal year. Specifies that the formula shall support the primary missions of the segment, and be based on each community's need for access to the community colleges, as determined by local demographics. In developing the formula, the chancellor must consider multiple factors, including: 1) the number of persons under the age of 25 without a college degree, within a community college district's boundaries, and the number of persons 25 to 64 years of age, without a college degree (the chancellor may alter these age ranges dependent on availability of data); and, 2) the number of persons who are unemployed, have limited English skills, are in poverty, or exhibit other signs of being disadvantaged.

In addition, specifies that the maximum amount of growth established by the chancellor shall be no less than five percent, nor greater than 10 percent, of a community college district's apportionment base for the preceding fiscal year.

- Approved trailer bill language that provides the San Francisco Community College District with additional funding, for the next three fiscal years, as the college works to restore student enrollment and maintain accreditation. For the 2014-15 fiscal year, the district would receive funding equal to the amount it received in the 2013-14 fiscal year, with the amount of funding for the district being reduced by five and 10 percent, in 2015-16 and 2016-17, respectively. In order to receive the third year of funding, the district would be required to meet or exceed benchmarks related to fiscal management and controls, as specified.
- Approved trailer bill language that adjusts the method for scoring local property tax revenues in the 2013-14, 2014-15, and 2015-16 fiscal years, that formerly flowed to redevelopment agencies and now flow to the colleges as an offset to CCC apportionments, by scoring revenues received late in the fiscal year, after April 15, as having been received in the next fiscal year. This will provide the colleges with more certainty as they develop and administer their budgets.
- Approved trailer bill language that requires the CCC Chancellor, in coordination with community college stakeholder groups, the appropriate fiscal and policy committees of the Legislature, and the Department of Finance, to develop a framework of indicators designed to measure the ongoing condition of a community college's operational environment in the following areas: 1) accreditation statues; 2) fiscal viability; 3) student performance and outcomes; and 4) programmatic compliance with state and federal guidelines. Requires that each community college develop, adopt, and publicly post a goals framework that addresses, at the least, the areas specified above. Before the commencement of the 2015-16 fiscal year, and annually thereafter, requires the chancellor to publicly post the statewide goals and locally-developed and adopted community college or district goals and targets. The chancellor shall assess the degree to which each community college district is improving its outcomes and offer technical assistance to community college districts that are not improving.
- Approved trailer bill language that extends the sunset, from June 30, 2014 to December 31, 2015, on the additional time a person serving as temporary full-time clinical nursing faculty, or as a part-time clinical nursing faculty, may be employed by a community college district. Under this extension, a person serving as a full-time clinical nursing faculty, or as a part-time clinical nursing faculty, may be employed by a community college district for up to four semesters or six quarters within any period of three consecutive academic years, which is twice the statutory limit for all other temporary faculty.
- Approved trailer bill language that authorizes adjustments to Proposition 98 General Fund spending in whatever amounts are necessary to maintain budgeted funding levels for community colleges, if Education Protection Account revenue estimates for 2012-13, 2013-14, or 2014-15 are higher or lower than actual receipts.

- Approved trailer bill language that moves requirements for the CCC CalWORKs program, which have been included in annual budget acts, into statute.

7980 CALIFORNIA STUDENT AID COMMISSION (CSAC)

Approved several technical or caseload related proposals for CSAC, as displayed in the following chart:

CSAC May Revision Proposals		
Issue	Funding	Comment
Cal Grant Program Caseload	\$13.9 million GF - 2013-14 \$25.1 million GF – 2014-15	Due primarily to an increase in the number of awards in the current year (carried forward as additional new and renewal awards in the budget year).
Loan Assumption Program Caseload	\$148,000 GF – 2013-14 \$735,000 GF – 2014-15	Reflects revised caseload estimates for the loan assumption programs.
Student Loan Operating Fund Offset (SLOF)	\$60 million GF – 2014-15	Reflects notification that SLOF contributions will no longer be provided for Cal Grants.
Temporary Assistance for Needy Families (TANF) Reimbursements	\$104.5 million GF – 2014-15	Primarily related to a change in GF requirements for social service programs
Reimbursements For Financial Aid Data	\$52,000 in Reimbursements – 2014-15	Provides CSAC the authority to receive reimbursements to cover the costs of fulfilling approved data requests.
Expanding Renewal Award Eligibility	\$15.8 GF – 2014-15	Trailer bill language would allow students who become ineligible because they exceed the income cap in one year to become eligible again in a subsequent year if their income falls below the cap.
Excess Cal Loan Funds	-\$6.0 million GF – 2014-15	Reflects utilization of excess Student Loan Authority Funds to offset GF loan assumption program costs.
Middle Class Scholarship	\$107 million GF – 2014-15	Begin implementation of the

		Middle Class Scholarship Program.
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- Approved \$9.0 million GF and trailer bill language to delay, by one year, the reduction of 11 percent, in the maximum Cal Grant award level, for students attending private non-profit colleges and universities and accredited for-profit institutions.
- Approved \$30.0 million GF to increase the Cal Grant B stipend from \$1,473 to \$1,648. The Cal Grant B stipend provides aid to cover student costs of books, supplies, and living expenses.
- Approved \$133,250 GF to cover the full-year funding for the costs of positions approved in the 2013 budget act.
- Approved trailer bill language that modifies an exemption to the Cal Grant cohort default rate that allows institutions with a three-year cohort default rate of less than 10 percent and a graduation rate above 20 percent to remain eligible for the Cal Grant program through the 2016-17 fiscal year, by changing the cohort default rate to less than 15.5 percent.
- Approved trailer bill language that allows students who become ineligible for Cal Grant awards because they exceed the income cap in one year, to become eligible again in a subsequent year if their income falls below the cap and they meet all other program eligibility requirements. The change would apply only to students who reapply no more than three academic years after receiving an initial award.
- Approved trailer bill language that sets the minimum middle class scholarship award for an eligible full-time enrollment student at \$90 and makes clarifying and technical changes to statute pertaining to the middle class scholarship.
- Approved trailer bill language that authorizes the use of \$6 million in excess Student Loan Authority funds (remaining after the recently-approved sale of the CalLoan program portfolio by the California Educational Facilities Authority) as an offset to the General Fund cost of Student Aid Commission loan assumption program costs.

Higher Education Budget Trailer Bills

1. *Higher Education Budget – Omnibus Trailer Bill. SB 860 (Budget and Fiscal Review), Chapter 34; Statutes of 2014.*

SUBCOMMITTEE 2
ON
NATURAL RESOURCES,
ENVIRONMENTAL
PROTECTION,
AND TRANSPORTATION
FINAL ACTION REPORT

Senate Budget and Fiscal Review Committee

Members

Jim Beall, Chair
Hannah-Beth Jackson
Jim Nielsen

Consultants

Catherine Freeman
Farra Bracht

SUBCOMMITTEE No. 2

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NATURAL RESOURCES

0540 SECRETARY FOR NATURAL RESOURCES

- Approved \$5 million (one-time, two-year appropriation, Environmental License Plate Fund [ELPF]), and one position at the California Natural Resources Agency, to carry out a fourth climate change assessment. The majority of funds will be used for contracts to conduct the scientific research needed for the assessment. Provisional language restricts the use of funds by allowing only \$2.5 million to be spent in the budget year, with the remainder available in the second year, in order to preserve the fund balance in the ELPF. Trailer bill language allows the ELPF to be used for this purpose.
- Approved the extension of one position that provides oversight and administration for bond measures, and make permanent two limited-term positions that were funded by bond funds and are now funded by the Extension and Environmental Enhancement and Mitigation Fund.
- Approved \$3.4 million (Proposition 40 bond funds) for projects dedicated to cultural and historical preservation. The overall program is being implemented pursuant to AB 482 (Atkins), Chapter 590, Statutes of 2013 and AB 716 (Firebaugh), Chapter 112, Statutes of 2002 (The California Cultural and Historical Endowment Act).
- Approved a request for reappropriation of remaining balances of Propositions 12, 13, 40, 50, and 84 for bond administration and programs (River Parkways and Urban Greening).
- Approved reappropriation of \$2.5 million for the second round of local assistance grants to support local governments planning efforts for sea level rise under the Ocean Protection Council.

3110 SPECIAL RESOURCES PROGRAM

- Approved supplemental reporting language to require the Tahoe Regional Planning Agency (TRPA) to submit to the Legislature the same budget information it submits to the State of Nevada, by February 1 of each year. This refines the information requested under SB 630 (Pavley), Chapter 762, Statutes of 2013, which requires the TRPA, until, January 1, 2018, to annually prepare and submit to the Department of Finance and the budget committees a report, of revenues and expenditures provided by the States of Nevada and California, including a complete summary and explanation of the expenditure of the revenues received and expended by the agency. This report lacked detail provided to the State of Nevada.

3125 CALIFORNIA TAHOE CONSERVANCY

- Approved, as part of the implementation of SB 630 (Pavley), Chapter 762, Statutes of 2013, \$150,000 (Lake Tahoe Science and Lake Improvement Account), for near-shore environmental improvement program activities, including but not limited, aquatic invasive species (AIS) projects, and improved public access to sovereign lands, if matched by the California Tahoe Conservancy.
- Approved, as part of the implementation of SB 630, \$150,000 (Lake Tahoe Science and Lake Improvement Account), for the establishment of a bi-state science-based advisory council, pursuant to a bi-state memorandum-of-agreement between the states of California and Nevada at the Tahoe Conservancy.
- Approved \$1.01 million (various special funds) for continued capital outlay in support of the Lake Tahoe Environmental Improvement Program. Approved the reversion and appropriation funds in the amount of \$4 million (Proposition 84 bond funds) for similar purposes.

3340 CALIFORNIA CONSERVATION CORPS (CCC)

- Approved a one-time augmentation of \$540,000 (Collins-Dugan Reimbursement Account) to fund the continuation of the CCC's vehicle replacement plan.
- Approved a one-time augmentation of \$1.7 million to the Collins-Dugan Reimbursement Account over three years to allow the CCC to fund project operating expenses and equipment, and to perform project work for sponsoring agencies.
- Approved \$1.4 million (Collins-Dugan Reimbursement Account), and three positions, to implement and support the C-3 enterprise resource management system. This proposal is in accordance with the feasibility study report submitted to the Department of Technology.
- Approved \$208,000 (Proposition 84 bond funds) for program delivery costs associated with the administration of resource conservation and restorations under the Proposition 84 bond program.

3460 COLORADO RIVER BOARD OF CALIFORNIA

- Approved as budgeted.

3480 DEPARTMENT OF CONSERVATION

- Approved a four-year, limited-term increase, in reimbursement authority of about \$5 million per year (High-Speed Rail funds), to assist the High-Speed Rail Authority in providing services to meet environmental commitments and mitigation with agricultural land conservation.
- Approved \$1.4 million (Strong-Motion Instrumentation and Seismic Hazards Mapping Fund) to evaluate, over the next six years, the earthquake faults in California believed to be active that have not been included in previous evaluations. Approved trailer bill language to increase fees from building permits at a rate of \$10 to \$13 per \$100,000 for residential permits and \$21 to \$28 for non-residential permits to fund this effort.
- Approved the Governor's proposal to implement the requirements of SB 4 (Paveley), Chapter 313, Statutes of 2013. Approved 60 permanent positions, five limited-term positions, and \$13 million in 2014-15 (\$9.2 million ongoing [Oil, Gas, and Geothermal Administrative Fund]) for the Division of Oil, Gas, and Geothermal Resources to regulate well stimulation techniques. The bulk of these positions would be used for engineering and geological workload, such as monitoring compliance with state regulations at extraction sites.
- Approved \$5.7 million from the Oil, Gas, and Geothermal Administrative Fund to address increased costs to conduct and complete the independent scientific study on well stimulation treatments, and the Environmental Impact Report (EIR), as specified by SB 4.
- Approved a request to revert \$495,000 in unencumbered local assistance Proposition 84 funds and appropriate \$493,000 to award grants in round three of the Sustainable Communities Planning Grant and Incentive Program (SCPGIP). Approved the appropriation of \$1.03 million to provide state support for the program (funds include previous reversions).
- Approved supplemental reporting language that would require the department to determine the cost of off-the-shelf software to map mines in California, versus developing a new database in-house.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

- Approved \$30.8 million General Fund and \$2.2 million State Responsibility Area (SRA) Fire Prevention Fund, and 259 temporary help positions, through fall 2014 and two associate governmental program analysts (AGPA) through June 30, 2016, to address heightened fire conditions brought on by drought conditions, as authorized and detailed in the Governor's Drought Declaration issued on January 17, 2014.
- Approved \$23 million (General Fund) to increase the Emergency-Fund to provide resources in anticipation of an extended fire season due to extreme drought conditions. With these funds

Governor's budget provides a total of \$209 million for emergency wildfire suppression in 2014-15.

- Approved \$10 million (State Responsibility Area [SRA] Fire Prevention Fund) for local assistance pursuant to Public Resources Code 4214 (d), which specifies that the allowable fire prevention activities from the SRA Fund includes grants to fire safe councils, local conservation corps, grants to nonprofit organizations that can complete a fire prevention project applicable to the SRA, public education to reduce the fire risk in the SRA, and other fire prevention projects.
- Approved supplemental reporting language requiring the department to report back in the January budget on the under- or over-subscription of the SRA local assistance grant program, and anticipated need in 2015-16 for local assistance grants.
- Approved trailer bill language to codify the Board of Equalization reimbursement regulations approved on September 10, 2013, related to revenues collected pursuant to AB 1492 (Committee on Budget), Chapter 289, Statutes of 2012.
- Approved \$666,000 (Timber Regulation and Forest Restoration Fund), for three permanent, full-time positions, for CalFIRE to collect data and conduct assessments of program efficiencies and process improvements for evaluation of ecological performance relating to forest and timberland regulation. The request will assist the department in conducting the assessments and evaluation of ecological performance as required by AB 1492.
- Approved \$200,000 (Timber Regulation and Forest Restoration Fund) to assist in the development of the ecological performance measures for forest management on forestlands in California to assist in the long-term response to a prolonged drought.
- Approved \$25 million (Greenhouse Gas Reduction Fund) as part of the cap-and-trade proposal, to provide local assistance for sustainable forestry, fire risk reduction, and forest health activities.
- Approved \$17 million (Greenhouse Gas Reduction Fund) as part of the cap-and-trade proposal, for urban forestry programs.
- Approved ongoing funding of \$14.2 million to support 62.5 permanent positions, in order to expand CalFIRE's fire protection in the areas around Lake Tahoe, Idyllwild, and Big Bear Lake. This includes: (1) \$13.6 million from the General Fund to support 59.5 positions for fire suppression, and (2) \$670,000 from the SRA Fire Prevention Fund to support three positions for fire prevention activities within the SRAs. Approved supplemental reporting language requiring the department to report to the Legislature prior to negotiation of future state and federal responsibility area adjustments in order to determine if budget legislative representation is advisable at these meetings.

- Approved budget bill language to continue to address reporting and communication issues in Southern California related to the California Statewide Vegetation Treatment Program.
- Approved \$416,000 in permanent funding, and two positions (SRA Fund), for additional finance and legal staff to coordinate and respond to a significant increase in the number of Public Records Act requests.
- Approved \$253,000 (Building Standards Administration Special Revolving Fund) in one-time funding to implement AB 127 (Skinner), Chapter 579, Statutes of 2013, related to flammability standards for building insulation materials, including whether the standards for some materials require the use of chemical retardants.
- Approved a supplemental appropriation of \$1.2 million (Public Buildings Construction Fund) to replace the one-engine Badger Forest Fire Station.
- Approved \$4 million (Public Buildings Operation Fund) to relocate the South Operations Headquarters to the March Air Reserve Base.
- Approved trailer bill language (TBL) that imposes a ten cent- (\$0.10) per pound assessment on “safe and sane” fireworks to be collected at the first point of sale in California. This amount may be adjusted up to twenty cents (\$0.20) per pound at a public meeting held by the State Fire Marshal in January of each year. The TBL authorizes the State Fire Marshal to adjust the assessment on an annual basis if the revenue in the fund is not forecast to cover expenses. *The trailer bill implementing this item is pending.*
- Approved \$2.15 million (reimbursements, special funds), and nine permanent positions, for the Office of the State Fire Marshall to conduct required plan review and construction inspections of local jail facility projects, in support of the implementation of SB 1022 (Committee on Budget), Chapter 42, Statutes of 2012.
- Approved \$1.7 million (Public Buildings Construction Fund) for various increases in minor capital outlay projects related to critical water supply and treatment problems.
- Approved \$33.5 million (Public Buildings Construction Fund), including a technical fund shift, for various state fire facility replacement projects and to incorporate design changes to meet current program and building code standards, as proposed in the 2014 Facility Program Policy Guidelines.
- Approved \$3 million for deferred maintenance at CalFIRE. Approved control language that would require the Administration to report to the Joint Legislative Budget Committee the list of deferred maintenance projects that will be funded, 30 days prior to the allocation of funds.

3560 STATE LANDS COMMISSION

- Approved two positions (no funding requested) to address increased workload for human resources to comply with control agency and legal responsibilities.
- Approved \$133,000 (Environmental License Plate Fund) for the Phase II activities of the removal of Dennett Dam on the Tuolumne River.

3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

- Approved \$1.5 million (\$500,000 General Fund, \$500,900 Timber Regulation and Forest Restoration Fund [TRFRF], and \$500,000 Waste Discharge Permit Fund [WDPF]) and seven positions, to implement a task force and a priority-driven approach to address the natural resources damage. Approved shifting \$500,000 from the general enforcement budget to the marijuana task force and backfilling those funds with Fish and Game Preservation Fund (FGPF).
- Approved \$25 million (General Fund, \$2.6 million special funds, and \$3.7 million Proposition 84 bond funds) to respond to drought-related fish and wildlife challenges. Of this amount, approved \$5.2 million (General Fund) and \$2 million Timber Regulation and Forest Restoration Fund (TRF) to the Fisheries Restoration Grant Program. Approved allowing the funding to be used for inland areas on a one-time basis and trailer bill language to prioritize restoration grant programs for fisheries.
- Approved \$25 million (Greenhouse Gas Reduction Fund) as part of the cap-and-trade proposal, for wetlands and watershed restoration programs and local assistance.
- Approved trailer bill language to allow TRFRF to be used for marijuana enforcement, to require that the money provided from this fund be a loan to be repaid by civil penalties, and to hold harmless the General Fund should those civil penalties not materialize.
- Approved \$6.2 million, and 38 permanent positions, to support the expansion of Oil Spill Prevention Response (OSPR) activities, to include inland prevention activities, as well as allow the office to respond to all inland spills. The expansion addresses the anticipated increase in the amount of oil transported over land (by rail or pipeline) in coming years.
- Approved \$2.5 million to support the Oiled Wildlife Care Network (OWCN) and to change the program's fund source from the Oil Spill Response Trust Fund (OSRTF) to the Oil Spill Prevention Administrative Fund (OSPAF). The proposed amount reflects an increase of \$500,000 for the program relative to the current-year funding level.

- Approved two positions (Federal Trust Fund) to operate and maintain the Fisheries Restoration Grant Program database.
- Approved \$34,000 (Wildlife Restoration Fund and Federal Trust Fund), and one position, to develop and implement a comprehensive process to review and track leases for management of department lands.
- Approved one position (\$134,000, FGPF) to support the Wildlife Resources Committee within the Fish and Wildlife Commission.
- Approved two positions (reimbursements and Federal Trust Fund) to address the increased demands for reporting and tracking of obligations and objectives associated with biological opinions and water rights decisions.
- Approved one position (reimbursements) to assess the resource impacts from activities on the Santa Rosa Plateau Ecological Reserve.
- Approved two minor capital outlay projects: (1) \$210,000 (Hatcheries and Inland Fisheries Fund) for power lines and utilities at Darrah Springs; and, (2) \$405,000 for overhead electrical system replacement at Fish Springs Hatchery.
- Approved a decrease of \$400,000 (Salton Sea Restoration Fund) to remove funding proposed to operate and maintain the Species Habitat Conservation ponds at the Salton Sea. The maintenance schedule has been moved beyond the 2014-15 budget timeframe.

3640 WILDLIFE CONSERVATION BOARD

- Approved reappropriation of Proposition 50 and 1E bond funds to allow previous transfers to remain available for acquisition, enhancement, and restoration of wildlife, pursuant to the original voter-approved measure (conforms to an item under the State Coastal Conservancy).
- Approved an increase of \$105,000 from the Habitat Conservation Fund to align the pro-rata costs with appropriate fund sources. Additionally, approved technical adjustment to revert various Proposition 84 capital outlay appropriations.

3720 CALIFORNIA COASTAL COMMISSION (CCC)

- Approved trailer bill language to allow CCC to impose civil penalties on a person who intentionally and knowingly violates the public access provisions of the Coastal Act.
- As part of the Sea Level Rise legislative proposal, approved the establishment of the Climate Resilience Account in statute to provide additional funding to specifically address the risks and impacts of climate change, sea level rise, and associated extreme events. Of the \$2.5 million

appropriated for this purpose from the Environmental License Plate Fund, \$500,000 is allocated to the CCC.

- Approved \$3 million (General Fund carryover, Coastal Act Services Fund and the Environmental License Plate Fund) per year, for five years, of state operations in the CCC budget to work in partnership with local governments to accelerate the completion and updates of LCPs. Approved \$1 million (General Fund) for LCP-related local assistance.

3760 STATE COASTAL CONSERVANCY (SCC)

- As part of the Sea Level Rise legislative proposal, approved the establishment of the Climate Resilience Account in statute to provide additional funding to specifically address the risks and impacts of climate change, sea level rise, and associated extreme events. Of the \$2.5 million appropriated for this purpose from the Environmental License Plate Fund, \$1.5 million is allocated to the SCC.
- Approved a baseline funding realignment to implement the SCC 10-year funding plan, submitted in April, in order to manage bond funds over a longer period of time.
- Approved reappropriation of Proposition 50 and 1E bond funds. This will allow previous transfers to remain available for acquisition, enhancement, and restoration of wildlife pursuant to the original voter-approved measure (conforms to previous item under Wildlife Conservation Board).
- Approved various technical changes and reversions from Propositions 12 and 50.
- Approved \$979,000 with an ongoing expense of \$140,000 per year for increased rent costs due to Department of General Services requiring that the SCC move to a state building.

3780 NATIVE AMERICAN HERITAGE COMMISSION

- Approved as proposed.

3790 DEPARTMENT OF PARKS AND RECREATION (DPR)

- Approved the Proposition 84 support program which, consistent with previous years, includes various reversions of appropriation authority, and new appropriations from Proposition 84 bond funds, to provide continued project support for the department's Proposition 84 Multi-Year Plan.

- Approved \$4.95 million (General Fund) for continued evaluation, analysis, and implementation of remedial actions at Empire Mine State Historic Park critical to protect public health and safety, as well as protect the natural and cultural resources at the park.
- Approved \$40 million for deferred maintenance at state parks. Approved control language that would require the Administration to report to the Joint Legislative Budget Committee the list of deferred maintenance projects that will be funded, 30 days prior to the allocation of funds.
- Approved trailer bill language to authorize the Department of Motor Vehicles and the Transportation Agency to study the tax allocation percentages for off-highway vehicle funds from the Motor Vehicle Account.
- Approved a one-time increase of \$14 million (State Parks and Recreation Fund [SPRF]) to continue the existing service levels throughout the state parks system, with funding derived from both the legislatively-mandated revenue generation program and a fund balance in SPRF.
- Approved \$318,092 (federal funds) for the first phase of deferred maintenance at the South Yuba River State Park, Historic Bridgeport Covered Bridge. Additionally, the Legislature added \$1 million (Proposition 84 bond funds) to this proposal to cover the entire estimated cost of the project for a total of \$1.3 million.
- Rejected \$5 million (Off-Highway Vehicle Fund) in one-time costs to purchase 584 acres of land in San Luis Obispo County for the Oceano Dunes Le Grand acquisition, in order to allow local and state entities more time to deliberate this purchase.
- Approved \$19.2 million (Proposition 84 bond funds) to develop initial permanent public facilities, including camping and day use beach access, at the Fort Ord Dunes State Park in Monterey County. This project was approved after the department reviewed its initial request and revised the revenue generation components of the project.
- Approved \$2.5 million (one-time, Special Deposit Fund) to make improvements to the historic Governor's mansion. Funds were available from the sale of the temporary Governor's mansion in Carmichael.
- Approved \$2 million (General Fund), for a grant to the California Museum.
- Approved \$2.7 million (Proposition 12 bond funds) for grants to the City of Calexico, and the Calexico Unified School District, for the construction of a recreational pool facility.
- Approved the reversion of the unencumbered balances of several previously funded capital outlay projects where funding is not necessary at this time and where the project will be re-submitted at a later date.

- Approved the reappropriation of capital outlay projects to allow for the completion of projects currently in progress. These include finalizing the Chino Hills State Park entrance project and Fort Ord Dunes campground and beach access working drawings.
- Approved an increase of \$40,000 (Proposition 84 bond funds) for the preliminary plans phase of the water treatment system upgrade at MacKerricher State Park.
- Approved the Parks Capital Outlay, Off-Highway Vehicle, and Bond-Funded proposal as follows:

Park	Proposal	Fund Source	Amount (in thousands)
1. State Vehicular Recreation Areas (SVRAs)			
Hungry Valley	Quail Canyon Special Event Area	OHVTF	\$612
Hungry Valley	Vehicle Wash Station	OHVTF	\$1,064
Onyx Properties	Enforcement and Conservation	OHVTF	\$1,490
Hollister Hills	Trails Project	OHVTF	\$879
Carnegie	Vehicle Wash Station	OHVTF	\$1,368
Prairie City	Barton Ranch Acquisition	OHVTF	\$3,500
Oceano Dunes	Visitor Center and Equipment Storage	OHVTF	\$6,104
Oceano Dunes	Pismo State Beach Sediment Track-Out	OHVTF	\$80
Various (Statewide)	OHV Minor Projects	OHVTF	\$765
2. State Park Development Program and Other Bond Funds			
Old Town San Diego	Building Demolition and Immediate Public Use Facilities	Prop 84	\$7,643
San Elijo State Beach	Replace Main Lifeguard Tower	Prop 12	\$5,014
El Capitan State Beach	New Lifeguard Operations Facility	Prop 84	\$723
MacKerricher	Replace Water Treatment System	Prop 84	\$541
Local Assistance	1988 Bond Settlement—Tijuana River	Other	\$2,100
Local Assistance	Ongoing Funding Programs	Various	\$56,500
3. Boating and Waterways			
Angel Island	East Garrison Mooring Field	HWCF	\$31
Bidwell-Sacramento River	Irvine Finch Ramp Repair and Extension	HWCF	\$78
McArthur-Burney Falls	Ramp and Boarding Float Replacement	HWCF	\$45
Various (Statewide)	Statewide Minor Capital Outlay Projects	HWCF	\$2,788

OHVTF: Off-Highway Vehicle Trust Fund

FF: Federal Funds

- Approved a permanent augmentation of \$418,000 from the State Parks and Recreation Fund (SPRF) for a planning and management strategy for the marbled murrelet, a state and federally-listed endangered bird species, in Big Basin Redwoods State Park and the Santa Cruz Mountains. This management plan is the result of the settlement of a lawsuit, *Center for Biological Diversity v. State Parks* (Case No. CV 177159, Santa Cruz County).
- Approved an augmentation of \$2.3 million (federal grant from the National Oceanic and Atmospheric Administration) for the Benbow Dam Removal. The removal of the dam, a seasonal fish barrier, will help facilitate fish passage and improve habitat for Coho, Chinook, Steelhead, and most other aquatic species in the South Fork of the Eel River in Southern Humboldt County.
- Approved reappropriation of funds for preliminary plans due to the delayed assumption of jurisdiction of the San Diego Historic Park from Caltrans in November 2013.
- Approved \$521,000 in 2014-15, and \$450,000 in subsequent fiscal years, from the State Parks and Recreation Fund (SPRF) and Lake Tahoe Conservancy Account for the operation and maintenance of Kings Beach State Recreation Area.
- Approved \$3.8 million local assistance funding from Prop 84 to the East Bay Regional Park District (EBRPD) for their continued design development expenses and future construction expenses related to capital improvements at Brickyard Cove at McLaughlin Eastshore State Park. This completes the department's obligation to this project.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

- Approved a proposed decrease previous appropriations (Proposition 84) and increase Environmental License Plate Fund by \$236,000 to keep administrative costs within the five-percent bond administration limit.
- Approved remaining budget as proposed.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

- Approved \$85,000 (one-time) to cover the additional lease costs due to the office relocation to the Hiram Johnson State Building in San Francisco as required by the Department of General Services. Approved supplemental reporting language requiring the Commission to report to the Legislature on the cost of moving to the Metropolitan Transportation Commission building, currently under construction, which would house like-missioned state and local agencies.

- As part of the Sea Level Rise legislative proposal, approved the establishment of the Climate Resilience Account in statute to provide additional funding to specifically address the risks and impacts of climate change, sea level rise, and associated extreme events. Of the \$2.5 million appropriated for this purpose from the Environmental License Plate Fund, \$500,000 is allocated to the commission.

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS & MOUNTAINS CONSERVANCY

- Approved as budgeted.

3830 SAN JOAQUIN RIVER CONSERVANCY

- Approved as budgeted.

3835 BALDWIN HILLS CONSERVANCY

- Approved as budgeted.

3840 DELTA PROTECTION COMMISSION

- Approved as budgeted.

3845 SAN DIEGO RIVER CONSERVANCY

- Approved as budgeted.

3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY

- Approved reappropriation of the balance of funding from Proposition 84 bond funds to maintain adequate funding levels for acquisitions and local assistance grants.

3855 SIERRA NEVADA CONSERVANCY

- Approved a decrease in the Environmental License Plate Fund by \$282,000, due to an erroneous baseline increase in the January budget.

3860 DEPARTMENT OF WATER RESOURCES (DWR)

- Approved a one-time appropriation of \$18 million (General Fund), and 72 existing positions, to address drought water supply issues, including:
 - \$11 million—Emergency operations to provide management, technical assistance, and resources to state and local agencies for managing drought emergencies through the establishment of an emergency operations center. The center will also be responsible for measures or actions taken by the department to respond to critical water shortage and drought impacts.
 - \$5 million to fund implementation of management actions including measures or actions taken by the department to respond to critical water shortage and drought impacts. These resources are needed to begin the responses in a timely and efficient manner. Additional resources may be required to fully address the responses. Such measures or actions include but are not limited to: facilitating water movement within a local or regional area, expansion of water infrastructure, facilitating water transfers, water purchasing, and Delta water quality mitigation actions.
 - \$2 million to fund the Save Our Water campaign, which provides public outreach and education to Californians on water conservation.
 - Approved provisional language to require the department to report on savings from all funds related to the augmentation of the General Fund for the 72 positions.
 - Approved provisional language to provide \$2 million in local assistance, for drought projects that do not fit other state drought-provision categories of funding.
- As part of a separate drought-related legislative package, on March 1, the Governor signed SB 103 and SB 104 (Budget and Fiscal Review Committee), Chapters 2 and 3, Statutes of 2014. Many of the Governor's January budget proposals were included in the drought package. These bills provided a total of \$680 million for: (1) infrastructure investments to improve water supply; (2) emergency drinking water, water supply, and water quality; (3) housing, employment, and emergency services for drought-stricken communities; (4) water and energy efficiency for urban and agricultural communities; (5) sustainable groundwater management; and, (6) water education, fish and wildlife, and fire fuel reduction. These included:
 - \$2.9 million from the General Fund for DWR to (1) meet a statutory requirement that the department monitor groundwater elevation in basins where no local agency performs such

- monitoring, and (2) develop an information technology (IT) system so that individuals who drill wells can submit well records online.
- \$20 million (Greenhouse Gas Reduction Fund) to DWR for projects that would save energy and reduce water use, including \$10 million for upgrades to State Water Project (SWP) generators to increase hydroelectric generation and \$10 million for grants to local agencies to reduce energy consumption associated with water use.
 - \$473 million in one-time bond funds for the Integrated Regional Water Management (IRWM) program, which provides grants for water stakeholders within the same region to collaborate on projects that meet multiple water goals, such as improved quality, increased supply, and ecosystem restoration.
 - \$77 million in one-time bond funds for flood control planning and projects. Of this amount, \$26 million is for improvements to Folsom Dam and \$12 million is for the construction of a facility that would enhance DWR's ability to respond to flood emergencies in the Sacramento-San Joaquin Delta (the Delta).
- Approved, \$13.8 million (General Fund) in multi-year funding to support continued implementation of the statewide groundwater elevation monitoring program. This is a technical adjustment to continue the funding from SB 103 in the budget year.
 - Approved \$5 million (Propositions 50 and 84) for water conservation activities, water recycling, water desalination, and water demand evaluation in support of the California Water Plan. In addition, approved \$400,000 (Proposition 50) for desalination grants.
 - Approved \$20 million (Greenhouse Gas Reduction Fund) as part of the cap-and-trade proposal, for water efficiency (in addition to the \$20 million provided in SB 103).
 - Approved \$153,000 (Proposition 50 bond funds) to facilitate the department's work associated with the implementation of the Delta Plan. This proposal is consistent with the Delta Stewardship Council's request.
 - Approved \$1.2 million in reversion and new appropriations from Proposition 84 to continue the previously-approved Climate Change Evaluation and Adaptation Program.
 - Approved three positions for the California Environmental Resources Evaluation System (CERES) program and a transfer of \$380,000 in ELPF, to provide environmental and scientific data and technology services and support.
 - Approved \$1.8 million Proposition 84 state operations to establish an annual appropriation of \$250,000 for administration of local assistance grants for projects that reduce Delta salinity or other pollutants at agricultural and drinking water intakes.

- Approved \$37 million for local assistance, and \$930,000 for program administration (Proposition 84) to implement projects that reduce or eliminate discharges of subsurface drainage water from the west side of the San Joaquin Valley for the purpose of improving water quality in the San Joaquin River and the Delta.
- Approved \$3.9 million from various funds (including the State Water Project) to support 23 new positions to establish and implement the comprehensive safety system and to reduce accidents and injuries at all department locations statewide.
- Approved a request to re-characterize \$14.2 million (Proposition 1E bond funds) from state operations to local assistance under the FloodSAFE California Program, to allow funding to be more appropriately moved to local agencies for flood control.
- Approved an annual reappropriation and technical adjustments to ongoing flood programs within the state including the California Water Plan, enforcement programs, water recycling and water conservation. This continues ongoing programs.
- Approved an annual reappropriation and technical adjustments to ongoing capital outlay flood projects including the Lower San Joaquin River, system-wide levee evaluations, and Sutter Bypass projects.
- Approved the reversion of \$6.2 million (Proposition 84 bond funds), and reappropriation for three years, to complete the analysis and report for the System Reoperation Study. The proposal also requests reversion of \$260,000 (Proposition 84 bond funds), and reappropriation, to continue the existing Surface Storage Program.
- Approved \$17.9 million in Proposition 13 bond funds to support the Agriculture Water Conservation Local Assistance loans program. Approved provisional language stating that the state operations funding is only available to fund the actual administrative costs incurred to issue loans.
- Approved the conversion of 39 limited-term positions to permanent in the Delta Habitat Conservation and Conveyance Program. These positions will be supported by the “off-budget,” continuously appropriated State Water Project (SWP).

3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

- Approved one position (costs to be absorbed) to support the implementation of the Delta Plan near-term actions in the priority areas defined by the plan, and to assist in securing additional funding from a variety of sources.

- Approved one, three-year, limited-term position, for the implementation of the Delta Mercury Exposure Reduction Program. The position costs would be funded by reimbursements from the State Water Resources Control Board.

3885 DELTA STEWARDSHIP COUNCIL

- Approved the conversion of six limited-term positions to permanent, and 12 new positions. Overall staffing of the agency is 67 positions. Approved a baseline increase of \$5.8 million (\$3.2 million General Fund, \$2 million bond funds and \$600,000 from other state departments). The State Water Resources Control Board and Department of Water Resources have committed to supporting the council through interagency agreements totaling \$600,000.

Natural Resources Budget Trailer Bills

1. *Resources — SB 861 (Budget and Fiscal Revenue) Chapter 35; Statutes of 2014.*

ENVIRONMENTAL PROTECTION

0555 SECRETARY FOR ENVIRONMENTAL PROTECTION

- Approved one position (\$77,000, Unified Program Account) for a refinery information officer and emergency coordinator to coordinate the Cal-EPA boards, departments, and the office's emergency response activities related to refineries.
- Approved trailer bill language to increase the cap on environmental justice grants from \$20,000 to \$50,000, and to authorize the Secretary of Cal-EPA to award up to \$1.5 million per year for this purpose. Additionally approved up to \$1.5 million from water penalties for this purpose.
- Approved a reduction in expenditure authority of \$2 million (multiple funds, board, and departments), for all departments housed within the Cal-EPA building due to a decrease in rental expenses resulting from the Cal-EPA bond refinancing in August 2013.

3900 AIR RESOURCES BOARD (ARB)

- Approved \$2.63 million, which includes \$1 million (Greenhouse Gas Reduction Fund [GGRF]) per year, in contract funds, and 10 positions (GGRF), for activities related to implementation of the GGRF, including: fiscal management of the GGRF; technical analysis to quantify and evaluate the benefits of GGRF investments; and legal review to ensure a legally defensible implementation of GGRF investments in sustainable communities projects within the cap-and-trade program.
- Approved 16 positions and \$4.135 million (GGRF), which includes just over \$1 million annually for two years, in contract and equipment funds, for implementing the GGRF and establishing a GGRF project tracking solution within the cap-and-trade program.
- Approved \$700,000 (GGRF) for ARB to support three new positions and contract funding to expand its market surveillance capabilities and implement its market monitoring plan within the cap-and-trade program.
- Approved \$400,000 (Cost of Implementation Account) in annual contract money, and eight positions (ongoing), to support the development and implementation of quantification methodologies for in-state greenhouse gas (GHG) reductions including carbon capture and storage (CCS) and in-state offset protocols from non-capped sectors.

- Approved \$200 million (GGRF) as part of the cap-and-trade proposal, for low carbon transportation.
- Approved the Governor's proposal to implement the requirements of SB 4 (Pavley), Chapter 313, Statutes of 2013. Approved six positions and \$1.3 million (Oil, Gas, and Geothermal Administrative Fund [OGGAF]) for ARB to develop regulations to control and mitigate GHG emissions, "criteria pollutants," and toxic air contaminants resulting from well stimulation.
- Approved two positions (\$183,000 Cost of Implementation Account [COIA]; \$183,000 Motor Vehicle Account [MVA]) to accommodate increased workload associated with working with other jurisdictions such as Brazil, Canada, Chile, China, Costa Rica, Kazakhstan, Mexico, New Zealand, South Korea, South Africa, Turkey, the European Union, and other Pacific states on air quality and climate change activities.
- Approved a one-time transfer of \$30 million (\$15 million in 2013-14 and \$15 million in 2014-15) from smog abatement fee revenues deposited in the Vehicle Inspection Fund to the Air Quality Improvement Fund. This includes a corresponding increase in spending authority of \$30 million to provide vehicle rebates for light-duty zero emission and plug-in vehicle rebates through ARB's Clean Vehicle Rebate Program.
- Approved \$577,000 (Motor Vehicle Account), and 3.5 positions, to implement the Advanced Clean Cars (ACC) program and enhance the evaporative regulation portion of the ACC program, due to proposed changes by the US Environmental Protection Agency.
- Approved a three-year appropriation of \$240 million from reverted bond authority for the Goods Movement Emission Reduction Program established in Proposition 1B.
- Approved the realignment of funding from reimbursement authority to the Air Pollution Control Fund for the Portable Equipment and Registration program (net-zero cost to the state).
- Approved \$1.23 million (Motor Vehicle Account), and seven positions, to implement the heavy-duty, on-board diagnostic regulation in order to meet both state and federal emission requirements.
- Approved \$300,000 in contract funding (OGGAF), and six positions, for the ARB to develop regulations to control and mitigate GHG emissions, "criteria pollutants," and toxic air contaminants resulting from well stimulation.
- Approved \$1.2 million (Motor Vehicle Account) to support increasing workload related to both state and federal diesel emission enforcement requirements.

- Approved \$682,000 (Motor Vehicle Account), and four positions, to meet regulatory implementation and outreach needs related to the phase-in of diesel regulations affecting trucks, trailers, and small fleet owner/operators.
- Approved \$187,000 (Motor Vehicle Account), and one position, to implement the requirements for in-use strategies to control emissions from diesel engines.

3930 DEPARTMENT OF PESTICIDE REGULATION

- Approved \$713,000 (Department of Pesticide Regulation Fund), and two limited-term positions, to increase fumigant research at the department.
- Approved the remainder of the department's proposed budget.

3940 STATE WATER RESOURCES CONTROL BOARD

- Approved the shift of the Drinking Water Program from the Department of Public Health (DPH) to the State Water Resources Control Board (SWRCB). The action shifts 291 positions and \$202 million (\$5 million General Fund) from DPH to the SWRCB, and includes an additional \$1.8 million (General Fund) in one-time funds for technology and facility costs. The proposal shifts all programs and combines certain financial assistance programs.
- As part of the Drinking Water Program shift, approved a \$110.3 million local assistance appropriation, and a \$209,000 state operations appropriation, for a two-year extension of two limited-term positions due to expire on June 30, 2014 (State Revolving Loan Program Funds).
- As part of the Drinking Water Program shift, approved \$93,000 (General Fund), and one position, to promulgate rulemaking packages and develop other guidance documents related to AB 21 (Alejo and M. Perez), Chapter 628, Statutes of 2013.
- As part of the Drinking Water Program shift, approved \$619,000 (Safe Drinking Water Fund) for five positions to perform regulatory oversight of public small water systems in Merced and Tulare counties.
- As part of the Drinking Water Program shift, approved \$498,000 (Waste Discharge Permit Fund [WDPF]), to support three two-year, limited-term positions to continue work begun by the Department of Public Health to adopt Phase II of the uniform water recycling criteria for surface water augmentation, and to investigate the feasibility of developing uniform water recycling criteria.

- Approved \$1.9 million (General Fund), and ten positions, to begin the implementation of a program to protect groundwater resources from unreasonable diversion and use that causes overdraft conditions or unreasonable effects on public trust resources.
- Approved \$6.2 million, and 14 positions, for SWRCB to develop the groundwater monitoring criteria and plan, as well as to evaluate compliance by well owners and operators who develop their own groundwater monitoring plans for hydraulic fracturing. It also includes funding for contracts to perform groundwater monitoring. Funding for SWRCB would increase to \$9.4 million in 2015-16, which is primarily due to additional costs related to groundwater monitoring contracts. Approved trailer bill language to implement the programs.
- Approved \$1.5 million (\$500,000 General Fund, \$500,900 Timber Regulation and Forest Restoration Fund, and \$500,000 WDPF), and seven positions to implement a task force and a priority-driven approach to address the natural resources damage.
- Approved trailer bill language to allow WDPF civil penalties to be used for marijuana enforcement by both the SWRCB and Department of Fish and Wildlife.
- Approved \$983,000 (WDPF), and ten positions, to address recommendations made by the California State Auditor regarding the need for more consistent compliance monitoring and improved project recordkeeping related to the 401 Water Quality Certification Program.
- Approved a shift of \$3.9 million and 19.1 positions (including \$500,000 contract authority) from federal trust fund spending authority to reimbursement spending authority to continue the ongoing oversight of cleanup activities at the U.S. Department of Navy facilities.
- Approved several technical bond adjustments in Propositions 13, 40, 50, and 84, to ensure expenditures and reappropriations are allocated for the purposes specified in the bond.
- Approved a permanent fund shift of \$3.6 million in state operation authority and seven existing positions from the Federal Capitalization Grant to the state Water Pollution Control Revolving Fund (SWPCRF) Administrative Fund.
- Approved a decrease of \$48 million in state operations from the Underground Storage Tank Cleanup Fund due to the expiration of the temporary storage fee increase. Approved technical adjustments to revert unencumbered funds, and appropriate these funds pursuant to the original statute.
- Approved the redirection of 12 positions funded by federal funds from the US Environmental Protection Agency Clean Water Act, Section 106 Grant to manage the Surface Water Ambient Water Monitoring Program (SWAMP) administration. This action redirects existing contract funds currently used for this purpose.

- Approved technical adjustments to provide continuing funds for the programs previously approved under SB 103 (Committee on Budget), Chapter 2, Statutes of 2014.
- Approved \$789,577 (General Fund), and 1.5 positions, to conduct treatment activities needed to respond to ongoing federal obligations. This will implement a more effective interim solution at the Leviathan Mine Superfund site, owned by the State of California.
- Approved \$150,000 for near-shore environmental improvement program activities, including, but not limited to, aquatic invasive species projects and improved public access to sovereign lands, in order to implement the provisions of SB 630 (Pavley), Chapter 762, Statutes of 2013.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

- Approved \$1.6 million, and 14 two-year, limited-term positions, to reduce a backlog of reimbursements owed to the department for hazardous waste clean-up activities. The administration estimates that this cost recovery backlog includes around \$26 million in unbilled or uncollected costs that are recoverable.
- Approved \$1.2 million, and eight, two-year limited term positions, to address the hazardous waste permit renewal backlog and to update cost estimates associated with closing hazardous waste facilities in the future.
- Approved \$1.3 million in one-time funding to rebuild the Hazardous Waste Tracking System, an information technology system used by the department to track the generation, transportation, and disposal of hazardous waste.
- Approved \$381,000 (Hazardous Waste Control Account [HWCA]), and 3.5 two-year, limited-term positions, to correct existing errors in the hazardous waste manifest data. Hazardous waste manifests travel with hazardous waste from the point of generation, through transportation, to the final disposal facility.
- Approved \$699,000 (HWCA), and five three-year, limited-term positions, to implement the DTSC Permit Enhancement Work Plan. The plan identifies ten reform goals that will serve as a comprehensive roadmap for implementing a more effective, protective, timely, and equitable permitting system.
- Approved \$5.2 million (General Fund) for the Stringfellow Superfund hazardous waste site remediation and operation, as required by an administrative order on consent with the US Environmental Protection Agency, for further investigation and cleanup of contaminated water that has reached a drinking water source in the Chino Basin.

- Approved \$175,000 (Toxic Substances Control Account), and \$175,000 (Birth Defects Monitoring Program), to fund two positions in the Biomonitoring Program after federal funding for the program was reduced. A similar amount was approved for two positions at the Department of Public Health.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

- Did not approve trailer bill language and budget proposals that would have provided the second phase of the Beverage Container Recycling Program reform. Instead approved trailer bill language to remove the Local Conservation Corps (LCC) from the statutory provisions of the program funding and diversified the LCC funding similar to that proposed by the Governor under the program reform proposal.
- Approved two limited-term positions, and \$258,000 (Beverage Container Recycling Fund), to begin transition from contractor staff to state staff support of the Division of Recycling Integrated Information System (DORIIS). This proposal yields an annual savings of approximately \$250,000.
- Approved five, three-year limited-term positions and \$566,000 (BCRF), to increase audit coverage of beverage manufacturers and distributors to better protect the integrity of the BCRF. The emphasis will be on collecting revenues owed to CalRecycle and mitigating risk to the fund.
- Approved \$500,000 of expenditure (reimbursement) authority to establish an Inter-Agency Agreement with the California Department of Food and Agriculture (CDFA), Division of Measurement Standards, to fund auditors and field inspectors to assess operational conformity with applicable recordkeeping requirements and ensure compliance with weightmaster rules.
- Approved provisional budget language for new, two-year grant appropriations from the California Tire Recycling Management Fund (Tire Fund) to allow flexibility in the encumbrance of grants and the payment of funds. This action does not include any additional fiscal resources.
- Approved \$25 million (Greenhouse Gas Reduction Fund) as part of the cap-and-trade proposal, for waste diversion projects that reduce greenhouse gas emissions.
- Approved 6.5 positions and \$595,000, on-going, (Used Mattress Recycling Fund) to implement the CalRecycle responsibilities under the mattress stewardship law, pursuant to SB 254 (Hancock), Chapter 388, Statutes of 2013.

- Approved \$5.2 million in on-going expenditure authority (Tire Fund), and 1.5 three-year, limited-term positions, to allow CalRecycle to increase funding for Rubberized Asphalt Concrete grants in order to spend down an existing Tire Fund balance.
- Did not approve a legislative proposal to provide \$800,000 to the Education and the Environment Initiative from the Environmental License Plate Fund in order to leverage private funding for the program.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT (OEHHA)

- Approved \$785,000 (Safe Drinking Water and Toxic Enforcement Fund), and four, limited-term positions, to revise Proposition 65 regulations and develop a website that provides information to the public on exposure to listed chemicals. The proposed reforms are intended to inform the public about their exposures to chemicals that cause cancer or reproductive harm, pursuant to the original proposition.
- Approved a technical amendment to the Proposition 65 website development of \$520,000 (Safe Drinking Water and Toxic Enforcement Account), to address higher information technology development costs identified in the draft feasibility study. Provisional language conditioned the funding upon the California Department of Technology approval of a State One Business analysis and corresponding Feasibility Study Report.

Environmental Protection Budget Trailer Bills

1. *Resources* — SB 861 (Budget and Fiscal Revenue) Chapter 35; Statutes of 2014.
2. *Greenhouse Gases* — SB 862 (Budget and Fiscal Revenue) Chapter 36; Statutes of 2014.

ENERGY AND UTILITIES

3360 CALIFORNIA ENERGY COMMISSION (CEC)

- Approved \$267,000 (Energy Resources Programs Account [ERPA]), one permanent position, and one two-year limited-term position for the development, implementation of, and oversight of the Acceptance Test Technician Certification Provider (ATTCP) Program.
- Approved one position to expand the in-house training unit. The proposal is self-funded with savings resulting from cancellation of external training contracts funded by ERPA.
- Approved \$150,000 (ERPA), and conversion of one limited-term position to permanent, to provide ongoing technical analysis and standards coordination required by SB 17 (Padilla), Chapter 327, Statutes of 2009. This statute established goals for modernization of the electricity grid and development of a “smart grid.”
- Approved the extension of the Geothermal Grant and Loan Program funding liquidation period from two to four years to allow more time to successfully complete project tasks and generate project products that are useful and help advance geothermal energy research and development.
- Approved the second year of a multi-year proposal in response to the sunset of the authority to collect the Public Goods Charge on January 1, 2012. Following budget actions previously taken by the Legislature, this program is undergoing a multi-year phased staff reduction. The proposal identifies the reduction of 31 positions and \$4 million for the Public Interest Energy Research Program (PIER).
- Approved \$3 million and 12 permanent positions to implement and provide technical assistance for the California Clean Energy Jobs Act (CCEJA), SB 73 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2013. The legislation provides guidance for implementation of Proposition 39, the Income Tax Increase for the Multistate Business initiative, passed in 2012.
- Approved the transfer of \$28 million from the Job Creation Fund (Proposition 39) to the Education Subaccount of the State Energy Conservation Assistance Account for loans for energy efficiency upgrades in public schools.
- Approved \$20 million (Greenhouse Gas Reduction Fund) for loans for energy efficiency upgrades in public buildings, to be administered through the Energy Conservation Assistance Account. This account is continuously appropriated.

- Approved baseline authority for 26 positions to administer \$172.5 million (direct ratepayer funds) for implementation of the California Public Utilities Commission-created Electric Program Investment Charge program. The total request of \$17 million is comprised of \$3.8 million for state operations and \$13.2 million for local assistance.
- Approved \$2.2 million (Petroleum Violations Escrow Account [PVEA]) to hire a contractor to implement a new Renewable Portfolio Standards database. The new database will allow for continued database growth and functionality, and increased efficiency of business processes, without risk to data security and stability.
- Approved three permanent programmer analyst positions, and \$403,000 (Energy Resources Program Account), to support the increasing workload for software applications and databases.
- Approved six two-year limited-term positions, and \$790,000 (Energy Resources Program Account), to develop disaggregated energy demand forecasts purportedly needed to implement the Governor's renewable distributed generation goals and support statewide energy decisions at the CEC, CPUC and the California Independent System Operator.
- Did not approve \$2 million (PVEA), and one two-year limited-term position, to support an evaluation of the vulnerability of the fuel infrastructure for the transportation sector to climate change impacts.
- Approved \$750,000 (ERPA) baseline contract funds to establish two new permanent positions to initiate a transportation supply and economic impact analysis framework, gather energy supply data, and initiate economic impact analysis.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

- Approved \$1.1 million (Public Utilities Commission Transportation Reimbursement Account), and seven rail inspectors, to address new rail risks associated with the projected increase in rail traffic in the coming years. This includes oversight of rail bridge safety.
- Approved a one-year extension of the liquidation period for continued assistance by outside legal counsel and economic consultants, as well as expert witnesses in litigation by the CPUC before the Federal Energy Regulatory Commission, which seeks refunds of several billion dollars for overcharges to California consumers that occurred during the 2000-01 energy crisis.
- Approved \$120,000 from various special funds, and two positions, to provide services related to the timely input of user fees and the assurance of sufficient cash-flow within the CPUC Utilities Public Reimbursement Account (PURA).

- Approved a one-time budget augmentation of \$2.8 million (PURA) to complete the repair/replacement of the heating, ventilation and air conditioning (HVAC) control system at the CPUC headquarters in San Francisco.
- Did not approve a trailer bill proposal to authorize up to \$15 million from ratepayer funds for the Lawrence Livermore Laboratories to support cybersecurity research within the California Energy Systems for the 21st Century project.
- Approved \$363,000 and three positions (PURA) to implement SB 790 (Leno), Chapter 599, Statutes of 2011, which requires the CPUC to develop a number of new provisions to facilitate the formation and operation of Community Choice Aggregation programs.
- Approved reimbursement and expenditure authority of \$4.4 million, over two years, to enable the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to serve as the administrator of Investor-Owned Utilities (IOU) ratepayer funds. The proposal would allow CAEATFA to act as the California Hub for Energy Efficiency Financing (CHEEF). Overall funding for the pilot program would use \$65.9 million from IOU ratepayer funds (derived directly from the IOUs, not from the CPUC). Of the \$65.9 million, approximately 65 percent of the funds would go directly to residential customers and 35 per cent (\$23 million) would be spent by IOUs and CAEATFA for administrative costs, outreach, and evaluation.
- Approved five, one-year limited-term positions, and \$455,000 (Deaf and Disabled Telecommunications Fund [DDTP]), to expand the DDTP Program to include speech generating devices. The commission anticipates initiating a pilot program, once rules are put in place, to explore and evaluate options for cost control purposes and to gain hands-on experience in public and private health insurance programs.
- Approved \$1.85 million (\$355,000 Public Transportation Account, State Transportation Fund and Reimbursements, and \$1,500 in reimbursements, mainly from utilities), and three positions, to perform the required electrical system planning and permitting analyses to support the deployment of the HSR Initiative.
- Did not approve \$1 million (reimbursable authority) in 2014-15, and \$500,000 per year from 2015-16 through 2021-22, to enable the CPUC to implement the return of greenhouse gas (GHG) auction revenue to energy intensive, trade-exposed (EITE) industries. The funding is proposed to allow CPUC to ensure that sensitive and confidential business information is not compromised, and to complete the study of EITE industry leakage.

- Approved \$38.9 million (up to \$25 million in grants and loans), and 1.5 positions, to implement AB 1299 (Bradford), Chapter 507, Statutes of 2013, which requires the CPUC to establish the Broadband Public Housing Account in the California Advanced Services Fund (CASF), to provide grants and loans to publicly-supported communities for projects deploying high quality advanced broadband, and for programs designed to increase broadband adoption rates by residents in these communities. This also implements programs authorized by SB 740 (Padilla), Chapter 522, Statutes of 2013, which supplemented the existing \$200 million authorized for CASF broadband infrastructure grants with an additional \$90 million.
- Approved 11 positions (two-year, limited-term) and \$1.5 million (PURA), including \$130,000 in consultant costs, to implement AB 327 (Perea), Chapter 611, Statutes of 2013, which proposed changes to CPUC rate design, grid distribution, net energy metering, and renewable portfolio standard programs.
- Approved trailer bill language to extend the sunset of the Self-Generation Incentive Program administered by the CPUC by five years.
- Approved trailer bill language to allow the CPUC to set up a procedure to provide intervenor compensation in the Avondale natural gas case.
- Approved trailer bill language to extend the sunset of the solar tax exemption by eight years.

3860 DEPARTMENT OF WATER RESOURCES (CALIFORNIA ENERGY RESOURCES SCHEDULING DIVISION)

- Approved as budgeted.

Energy and Utilities Budget Trailer Bills

1. *Resources* — SB 861 (Budget and Fiscal Revenue) Chapter 35; Statutes of 2014.
2. *Greenhouse Gases* — SB 862 (Budget and Fiscal Revenue) Chapter 36; Statutes of 2014.
3. *Solar Energy* — SB 871 (Budget and Fiscal Review) Chapter 41; Statutes of 2014.

FOOD AND AGRICULTURE

7300 AGRICULTURAL LABOR RELATIONS BOARD

- Approved \$1.9 million (GF) and \$1.4 million ongoing, and five positions (four attorneys and one field examiner) to address additional caseload responsibilities at the Office of General Counsel and Administration.

8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

- Approved revised cost, scope, and schedule for the Yermo Border Protection Station in order to add a year to the project timeline and to reduce overall project funding by \$3 million (GF). A spring finance letter clarified the Caltrans appropriation through the Statewide Highway Account.
- Approved \$1 million (GF), one-time, to offset employee compensation cost increases at the University of California-managed California Animal Health and Food Safety (CAHFS) Laboratory System. The department will also convene a stakeholder group to develop a sustainable, long-term funding plan for CAHFS.
- Approved an augmentation of \$600,000 (GF) to restore funding for pest detection and management programs related to animal and food safety.
- Approved \$15 million (Greenhouse Gas Reduction Fund), as part of the cap-and-trade proposal, for agriculture energy and operational efficiency projects.

TRANSPORTATION

0521 TRANSPORTATION AGENCY

- Approved expenditures of \$100.9 million for the Transportation Agency from a combination of special funds, federal trust funds, and reimbursements. Most of the resources, \$96.7 million, are for the California Traffic Safety Program. Administrative costs of the Transportation Agency total \$4.2 million in 2014-15.

2600 CALIFORNIA TRANSPORTATION COMMISSION

- Provided two positions to implement the Active Transportation Program that was approved in 2013.

2660 DEPARTMENT OF TRANSPORTATION

TRANSPORTATION FINANCE AND GENERAL

- Approved expenditures of \$11.1 billion for the California Department of Transportation (Caltrans), almost all of which is from special funds, bond funds, federal funds or reimbursements.
- Repaid early, \$351 million in General Fund loan repayments. Of this amount, \$137 million is for pavement rehabilitation, \$100 million is for traffic management projects that improve mobility, and \$100 million is for cities and counties for the preservation of local streets and roads. The remainder is for repayments to the Bicycle Transportation Account, the Pedestrian Safety Account, and the Natural Resources Agency.
- Allotted a total of \$1.2 billion in additional Proposition 1B bond appropriations, and approved budget bill language for funding flexibility across multiple departments and programs, as administrative and project savings are made available. Proposition 1B bond appropriations include projects for: air quality, local transit, intercity rail, and bridge retrofits. Allocations are as follows:
 - \$793 million for local transit
 - \$240 million for air quality
 - \$161 million for intercity rail
 - \$10 million for local bridge seismic retrofits
 - \$4 million for state and local partnerships

- \$3 million for the State Highway Operation and Protection Program
- Approved 42 two-year and three one-year limited-term positions to continue the administration of Proposition 1B funding. This represents an overall reduction of 12 positions from the previously authorized level of resources for Proposition 1B administration.
- Reduced capital outlay support positions by 195, and funding by \$21.8 million, to account for decreased workload associated with reduction in Proposition 1B bond authority and expiration of American Recovery and Reinvestment Act funds. This includes a reduction in consultant contracts and overtime costs equivalent to 15 full-time positions. Approved budget bill language limiting the amount of expenditures for overhead to \$272 million and requiring Caltrans and the Department of Finance to review the overhead component of the program and provide quarterly reports beginning October 1, 2014. Also approved budget bill language requiring Caltrans to provide data related to its 2015-16 capital outlay support (COS) request, on January 10, 2015.
- Adopted the Administration's zero-based budget for the Aeronautics Program Division which supports the current level of staffing of 26 positions. Also, approved the one-time transfer of \$4 million from the Local Airport Loan Account to the Aeronautics Account to provide additional funding for the California Aid to Airports Program and approved trailer bill language to allow for future transfers.
- Approved supplemental reporting language related to Caltrans development of a "shelf" of shovel-ready projects.

HIGHWAY TRANSPORTATION AND TRANSIT

- Provides \$25 million of cap-and-trade proceeds to support capital investments in transit and intercity rail. Projects that may be eligible for funding include rail capital projects including: rail cars and improving connectivity to existing and future rail system, intercity, commuter, and urban rail projects that increase service levels, improve reliability, and decrease travel time, rail and transit integration, and Bus Rapid Transit and other bus transit investments.
- Provides \$25 million of cap-and-trade proceeds for low-carbon transit operations through the existing State Transit Assistance program to reduce greenhouse gas emissions by supporting new, or expanded, bus or rail services, or expanded intermodal transit facilities.
- Approved the permanent redirection of 16 positions from the COS program and \$1.6 million in State Highway Account (SHA) funds to comply with the safety operating standards for the Devil's Slide tunnels.

- Approved the permanent redirection of 10 positions from COS and \$778,000 in SHA funds to support the full operation and maintenance of the 20-mile Interstate 15 (I-15) express lanes in San Diego.
- Approved four positions for a three-year limited-term and \$421,000 federal funds to support the management and completion of capital improvement grants funded through the Federal Railroad Administration's High-Speed Intercity Passenger Rail program for the improvement of intercity rail.
- Approved funding to continue work required by the 2010 Americans with Disabilities Act lawsuit settlement agreement. This includes the permanent redirection of three positions and \$1.0 million in State Highway Account funds for five years to continue existing consultant contracts.
- Converted three positions from limited-term to permanent and \$301,000 in federal funds to implement and administer the Federal Transit Administration's Job Access and Reverse Commute and New Freedom programs.
- Approved the continuation of eight positions for a two-year limited-term and reimbursement authority for legal services rendered on behalf of the California High-Speed Rail Authority.
- Provided an additional \$10.5 million to state-supported Amtrak routes—Capitol Corridor, San Joaquin and Surfliner—to meet federal operational cost support requirements. Total funding for intercity rail contract is \$119.5 million.

2665 HIGH-SPEED RAIL AUTHORITY

- Approved expenditures for state operations and local assistance for the High-Speed Rail Authority (HSRA) of \$1.4 billion, all from special funds, federal funds, and bond funds.
- Approved \$250 million in cap-and-trade funds for the high-speed rail project. Of this amount, \$58.6 million is for environmental planning for Phase 1 of the project and \$191.4 million is for right-of-way acquisition.
- Approved \$32 million in federal local assistance funds for infrastructure projects and improvements that will prepare the Southern California passenger rail corridors for connectivity to high-speed rail.
- Approved reimbursement authority for four years for the Department of Conservation (roughly \$5 million each year) to establish conservation easements to offset the impact of the development of high-speed rail.

- Approved \$3.1 million in reimbursement authority for Caltrans to continue eight positions to provide legal services on behalf of HSRA.
- Permitted a loan of \$29.3 million from the Public Transportation Account to fund the department's state operations budget, pending the conclusion of the validation action with respect to the bond issuance.
- Approved \$1.9 million for three staff at the California Public Utilities Commission to perform the required electrical system planning and permitting analyses to support high-speed rail.
- Approved \$1 million from the San Joaquin Regional Rail Commission, and related budget bill language to advance the environmental schedule in order to secure environmental clearances and meet project milestones on the Altamont Corridor.
- Enacted trailer bill language providing a long-term expenditure plan of cap-and-trade funds that provides 25 percent of all revenues to the high-speed rail project, in addition to \$400 million in cap-and-trade loan repayments beginning in 2015-16.

2670 BOARD OF PILOT COMMISSIONERS

- Approved \$2.2 million in special funds for baseline operations of the board. No budget change proposals were submitted by the Administration.

2720 CALIFORNIA HIGHWAY PATROL

- Approved expenditures of \$2.0 billion for the Department of California Highway Patrol (CHP) from the Motor Vehicle Account and other special funds, representing an increase of approximately \$57.5 million over the current year. Approved 11,051 positions.
- Approved \$1.7 million for the department to identify suitable parcels for replacing up to five facilities and to develop studies for those sites.
- Approved a multi-year funding plan for the on-going replacement of CHPs' air fleet. Increased department funding by \$16.0 million on a one-time basis for 2014-15 to allow for the purchase of four aircraft. Additional one-time funding was approved for each year through 2016-17 to replace additional aircraft and a permanent augmentation of \$8 million was approved, beginning in 2017-18, to provide for the continuous replacement of CHP's air fleet as needed.
- Approved a one-time budget augmentation of \$5.0 million for the escalating cost of service provided by the California Office of Emergency Services, Public Safety Communications Office (PSCO) to support the CHP's radio/microwave program.

- Approved a one-time budget augmentation of \$4.9 million to replace 12 dispatch radio consoles at the PSCO and the CHP's Sacramento Communications Center. This is the first year of a five-year project to replace the dispatch radio consoles at all of CHP's 25 call centers. The total estimated cost of replacing 177 consoles, plus acquiring an additional 22 consoles, would be \$52.7 million.
- Approved, on a one-time basis, \$894,000 for a cost increase to support the Integrated Database Management System which CHP uses to support several legacy applications that support key CHP business processes.
- Reappropriated a total of \$16.0 million for CHP for Phase 1 and 2 of the department's enhanced radio system, which have been delayed due to changes in site selection, acquisition, and planning for the project.
- Approved \$32.4 million to replace CHP area offices in Truckee, Santa Barbara, San Diego, Crescent City, and Quincy. The total cost for the replacement of these five offices is estimated to be \$167.6 million and the approved budget bill language is expected to reduce the project schedule by 13 months.

2740 DEPARTMENT OF MOTOR VEHICLES

- Approved total expenditures for the Department of Motor Vehicles (DMV) of \$1.1 billion in special funds, and 9,030 positions.
- Increased funding by \$67.4 million from the Motor Vehicle Account and 822 positions to implement AB 60 (Alejo), Chapter 524, Statutes of 2013, and provisional language to allow for further staffing and funding augmentations, if necessary.

Budget Bill Language

- **Capital Outlay Support (COS) Budget Request**—Requires Caltrans to provide data related to its 2015-16 COS budget request, on January 10, 2015. (Item 2660 Caltrans)
- **Review of COS Overhead and Corporate Components**—Requires Caltrans to provide to the Department of Finance (DOF) actual expenditure reports for COS overhead and corporate components beginning October 1, 2014, and DOF to review these reports. (Item 2660 Caltrans)
- **High-Speed Rail Reimbursement Authority.** Allows for an increase in reimbursement authority of up to \$900,000 for the review and approval of environmental and engineering

documents associated with the state highway system interfacing with the high-speed rail project. (Item 2660 Caltrans)

- **Proposition 1B Bonds Funding Flexibility**—Allows for savings from past years, or any funds not yet appropriated, to be used in 2014-15, as well as allowing for intra-schedule transfers. (Item 2660 Caltrans)
- **Design-build Procurement Methodology**—Allows CHP to use the design-build procurement methodology to replace five area offices. Traditionally agencies have used the design-bid-build methodology. (Item 2720 CHP)
- **Mid-year Staffing Augmentation for High-Speed Rail Authority**—Allows for a mid-year augmentation of up to \$5.3 million to fund 35 additional positions for project management of construction packages 2, 3, and 4. (Item 2665 HSRA)
- **Loan Authority from State Transportation Fund**—Permits a loan from the Public Transportation Account to fund HSRA state operations, pending the conclusion of the bond validation action. (Item 2665 HSRA)
- **Funding Augmentation to Implement AB 60.** Allows the Department of Finance to augment DMV's budget items if it determines that DMV requires additional resources to implement AB 60 with 30 day notification to the Joint Legislative Budget Committee, prior to authorization.

Trailer Bill Language

- **Funding for the California Aid to Airports Program (CAAP).** Authorizes Caltrans to transfer funds from the Local Airport Loan Account (LALA) to the Aeronautics Account to fund the CAAP if funds in the LALA exceed projected needs and the transfers do not reduce the fund balance below \$5 million. This proposal would retain a healthy fund balance so that loans could still be provided to airports and, at the same time, increase the funding available for projects at public-use airports. *SB 853 (Budget and Fiscal Review Committee), Chapter 27, Statutes of 2014*
- **Right-of-Way Costs for Transportation Projects.** Closes a loophole in the state transportation improvement program (STIP) process that programs and allocates funds for transportation capital projects over a multi-year period. This change would help to better ensure that project costs shown in the STIP better reflect actual right-of-way purchase costs and, thereby, improve the process for allocating transportation funds. *SB 853*
- **Date of Program Adoption for the Active Transportation Program (ATP).** Changes the date of adoption for the 2015 program of projects for the ATP from April 1, 2015 to December 31, 2015, so that the adoption of the initial program of projects does not overlap

with the call for projects for the second round of funding. This is a one-time change. Beyond this date, programs of projects would be adopted by April 1 of each odd-numbered year, or alternatively, on an annual basis. *SB 853*

- **AB 60 (Alejo), Chapter 524, Statutes of 2013, Affidavit-Related Language.** Allows an applicant to use the Department of Motor Vehicle's driver's license application to declare that he or she has never been issued a social security number or is not presently eligible for one. Existing law requires an applicant to submit an affidavit attesting that he or she is both ineligible for a social security account number and unable to submit proof of authorized presence in the United States. *SB 853*
- **Study of Advertising on Electronic Changeable Message Signs.** Requires the Department of Transportation to report by January 10, 2015, to the budget and appropriate policy committees of both houses of the Legislature, on the subject of advertising on electronic changeable message signs on the state highway system. *SB 853*
- **Fresno County Proposition 42 Maintenance-of-Effort Extension (MOE).** Extends, until June 30, 2020, Fresno County's requirement that it meet its MOE currently owed to its local Transportation Investment Fund for the 2009-10 fiscal year. The extension of the MOE is conditioned on the County of Fresno continuing to provide medical services to the indigent and undocumented persons consistent with the eligibility and benefit provisions that were in effect in the 2013-14 fiscal year. *SB 853*
- **Cap on Clean Air Vehicle Program.** Increases the cap on the "green sticker" Clean Air Vehicle program from 40,000 to 55,000. This program allows certain low-emission and energy-efficient vehicles with a single occupant to use high-occupancy vehicle lanes. *SB 853*
- **Study of Funding for the Off-Highway-Vehicle (OHV) Trust Fund.** Requires the Department of Transportation, in cooperation with the Department of Parks and Recreation and the Department of Motor Vehicles, to conduct an updated study of OHV utilization to determine the appropriate transfer of gas taxes to the OHV trust fund. The study is due to the Legislature by January 1, 2016. *SB 853*
- **Cap-and-Trade Funds for Transit and Inter-city Rail.** Provides a continuous appropriation of 10 percent of the cap-and-trade funds for transit and inter-city rail capital programs. *SB 862 (Budget and Fiscal Review Committee), Chapter 36, Statutes of 2014*
- **Cap-and-Trade Funds for Low-Carbon Transit Operations.** Provides a continuous appropriation of five percent of the cap-and-trade funds for low-carbon transit operations through the State Transit Assistance formula. *SB 862*

- **Cap-and-Trade Funds for High-Speed Rail.** Provides a continuous appropriation of 25 percent of the cap-and-trade funds to continue the construction of high-speed rail, in addition to \$400 million from the repayment of the cap-and-trade funds loaned to the General Fund in 2013. *SB 862*

Supplemental Reporting Language

- **Shelf of Projects.** Requires the Administration, working with Caltrans, to report to the appropriate fiscal committees of the Legislature and the LAO, no later than January 10, 2015, regarding the development of a “shelf” of shovel-ready projects.

Transportation Budget Trailer Bills

1. *Transportation—SB 853 (Budget and Fiscal Review) Chapter 27; Statutes of 2014.*

CAP-AND-TRADE

SUMMARY OF 2014-15 AND ONGOING EXPENDITURES

Cap and Trade Expenditure Plan				
(Dollars in Millions)				
<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>2014-15</i>	<i>Ongoing</i>
Sustainable Communities and Clean Transportation	High-Speed Rail Authority	High-Speed Rail Project	\$250	25 percent
	State Transit Assistance	Low Carbon Transit Operations Program	\$25	35 percent
	Caltrans	Transit and Intercity Rail Capital Program	\$25	
	Strategic Growth Council	Affordable Housing and Sustainable Communities Program	\$130	
	Air Resources Board	Low Carbon Transportation	\$200	Annual Appropriations
Energy Efficiency and Clean Energy*	Department of Community Services and Development	Energy Efficiency Upgrades/Weatherization	\$75	Annual Appropriations
	Energy Commission	Energy Efficiency for Public Buildings	\$20	
	Department of Food and Agriculture	Agricultural Energy and Operational Efficiency	\$15	
Natural Resources and Waste Diversion	Department of Fish and Wildlife	Wetlands and Watershed Restoration	\$25	Annual Appropriations
	Department of Forestry and Fire Protection	Fire Prevention and Urban Forestry Projects	\$42	
	CalRecycle	Waste Diversion	\$25	
Total			\$832	

* Emergency drought legislation enacted in February 2014 included \$40 million of Cap-and-Trade funds for water use efficiency projects.

0650 OFFICE OF PLANNING AND RESEARCH

- Approved the shift of the Strategic Growth Council (SGC) from the Natural Resources Agency to the Office of Planning and Research. Approved funding for six positions at SGC from the Greenhouse Gas Reduction Fund (cap-and-trade funds).
- Approved \$130 million in cap-and-trade funds to support the implementation of sustainable communities strategies, as required by SB 375 (Steinberg), Chapter 728, Statutes of 2008. The

SGC will coordinate this program. Projects that benefit disadvantaged communities will be given priority. Projects will reduce GHG by increasing transit ridership, active transportation, affordable housing near transit stations, preservation of agricultural land, and local planning to promote infill.

2660 DEPARTMENT OF TRANSPORTATION (CALTRANS)

- Provides \$25 million of cap-and-trade proceeds to support capital investments in transit and intercity rail. Projects that may be eligible for funding include rail capital projects, such as: rail cars and improving connectivity to existing and future rail system, intercity, commuter, and urban rail projects that increase service levels, improve reliability, and decrease travel time, rail and transit integration, and bus rapid transit and other bus transit investments.
- Provides \$25 million of cap-and-trade proceeds for low-carbon transit operations through the existing State Transit Assistance program to reduce greenhouse gas (GHG) emissions by supporting new or expanded, bus or rail services, or expanded intermodal transit facilities.

2665 HIGH-SPEED RAIL AUTHORITY

- Approved \$250 million in cap-and-trade funds for the high-speed rail project. Of this amount, \$58.6 million is for environmental planning for Phase 1 of the project and \$191.4 million is for right-of-way acquisition.
- Enacted trailer bill language (TBL) providing a long-term expenditure plan of cap-and-trade funds that provides, among other things, 25 percent of all revenues to the high-speed rail project, and \$400 million in cap-and-trade loan repayments beginning in 2015-16.

3360 ENERGY COMMISSION

- Approved \$20 million (Greenhouse Gas Reduction Fund [GGRF]) for loans for energy efficiency upgrades in public buildings, to be administered through the Energy Conservation Assistance Account. This account is continuously appropriated. TBL makes changes to the fund to allow for the use of cap-and-trade funds for the revolving loan fund to finance energy efficiency activities in state-owned buildings.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CALFIRE)

- Approved TBL to establish the Timberland Environmental Impact report for carbon sequestration and fuel reduction program to allow for the use of cap-and-trade funds for carbon sequestration and to resist wildfires through agreements with landowners.
- Approved \$25 million (GGRF), to provide local assistance for sustainable forestry, fire risk reduction, and forest health activities.
- Approved \$17 million (GGRF), for urban forestry programs.

3600 DEPARTMENT OF FISH AND WILDLIFE

- Approved \$25 million (GGRF), for wetlands and watershed restoration programs and local assistance.

3860 DEPARTMENT OF WATER RESOURCES (DWR)

- Approved \$20 million (GGRF) to DWR for projects that would save energy and reduce water use, including \$10 million for upgrades to State Water Project (SWP) generators to increase hydroelectric generation and \$10 million for grants to local agencies to reduce energy consumption associated with water use.
- Approved \$20 million (GGRF), for water efficiency (in addition to the \$20 million provided in SB 103 [Committee on Budget and Fiscal Review], Chapter 2, Statutes of 2014).

3900 AIR RESOURCES BOARD (ARB)

- Approved \$2.63 million, which includes \$1 million (GGRF) per year, in contract funds, and 10 positions (GGRF), for activities related to implementation of the GGRF, including: fiscal management of the GGRF; technical analysis to quantify and evaluate the benefits of GGRF investments; and legal review to ensure a legally defensible implementation of GGRF investments in sustainable communities projects within the cap-and-trade program.
- Approved 16 positions and \$4.135 million (GGRF), which includes just over \$1 million annually for two years in contract and equipment funds, for implementing the GGRF and establishing a GGRF project tracking solution within the cap-and-trade program.

- Approved \$700,000 (GGRF) for ARB to support three new positions and contract funding to expand its market surveillance capabilities and implement its market monitoring plan within the cap-and-trade program.
- Approved \$400,000 (Cost of Implementation Account) in annual contract money, and eight positions (ongoing), to support the development and implementation of quantification methodologies for in-state GHG reductions including carbon capture and storage and in-state offset protocols from non-capped sectors.
- Approved \$200 million (GGRF) for low carbon transportation.
- Approved \$20 million (GGRF) for the Clean Vehicle Rebate project to replace existing Vehicle Inspection and Repair Account and Air Quality Improvement Fund revenues currently dedicated for that purpose.

3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY

- Approved \$25 million (GGRF) as part of the cap-and-trade proposal, for waste diversion projects that reduce greenhouse gas emissions. TBL creates a revolving loan program administered by CalRecycle to fund organic composting, anaerobic digestion, and recycling.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

- Approved \$75 million (GGRF) to assist in the installation of energy efficiency and renewable energy projects in low-income housing units. Trailer bill language creates the Energy Efficiency and Renewable Energy Program for this purpose and requires the development of guidelines for the program.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION

- Allows renewable energy projects at the Department of Corrections and Rehabilitations to be included in net energy metering as an eligible customer-generator.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

- Approved \$15 million (GGRF), as part of the cap-and-trade proposal, for agricultural energy and operational efficiency projects.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

- Did not approve the Governor’s proposal to provide \$1 million (reimbursable authority) in 2014-15, and \$500,000 per year from 2015-16 through 2021-22, to enable the CPUC to implement the return of greenhouse gas (GHG) auction revenue to energy intensive, trade-exposed (EITE) industries. The funding is proposed to allow CPUC to ensure that sensitive and confidential business information is not compromised, and to complete the study of EITE industry leakage.

Cap and Trade Budget Trailer Bills

1. *Greenhouse Gases — SB 862 (Budget and Fiscal Revenue) Chapter 36; Statutes of 2014.*

SUBCOMMITTEE 3
ON
HEALTH
AND
HUMAN SERVICES
FINAL ACTION REPORT

Senate Budget and Fiscal Review Committee

Members

Ellen Corbett, Chair
William W. Monning
Mike Morrell

Consultants

Michelle Baass
Samantha Lui
Peggy Collins

SUBCOMMITTEE No. 3

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HEALTH

0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY (CHHSA)

- Office of the Patient Advocate (OPA). Adopted Legislature's trailer bill language that revises the responsibilities of OPA to: (1) clarify that OPA is not the primary source of direct assistance to consumers; (2) clarify OPA's responsibilities to track, analyze, and produce reports with data collected from calls, on problems and complaints by, and questions from, consumers about health care coverage received by health consumer call centers and helplines operated by other departments, regulators or governmental entities; (3) require OPA to make recommendations for the standardization of reporting on complaints, grievances, questions, and requests for assistance; and (4) require OPA to develop model protocols, in consultation with each call center, consumer advocates and other stakeholders that may be used by call centers for responding to and referring calls that are outside the jurisdiction of the call center or regulator.
- Medical Privacy Breach Enforcement. Adopted the Administration's trailer bill language to combine the authority of two existing programs (at CHHSA and the Department of Public Health) charged with enforcing medical privacy violations. To do this, the authority of the CHHSA's California Office of Health Information Integrity over medical privacy breaches by individuals is combined with the Department of Public Health's authority over medical privacy breaches at health facilities.
- Office of the Agency Information Officer (OAIO) – CHHSA Governance. Approved three permanent positions and \$431,000 in reimbursement authority to provide dedicated staffing for the establishment of formalized governance, project assessment, and strategic enterprise architecture functions within OAIO. Rejected provisional budget bill language to exempt a proposed increase in reimbursement authority from Legislative review. Adopted supplemental reporting language to require OAIO to report on how this proposal adds value and achieves the intended and worthy goals of better agency-wide planning and coordination of information technology projects.
- Office of Systems Integration (OSI) – CalHEERS. Approved an increase in OSI reimbursement authority in the amount of \$73,151,558. This increase is to support the continued development and implementation and operation and maintenance activities for the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS). (Reimbursements are from the Health Benefit Exchange Board and the Department of Health Care Services.)
- California Office of Health Information Integrity (CalOHII). Approved \$750,000 (\$375,000 General Fund (GF) and \$375,000 reimbursements) for consulting services on a two-year limited-term basis to help ensure that state departments meet data interoperability and expanded

Health Insurance Portability and Accountability Act requirements. (The reimbursements are federal Medicaid funds.)

- Office of Law Enforcement Support. Approved \$787,000 and 6 permanent positions for the establishment of the Office of Law Enforcement Support within CHHSA to provide uniform training, policies and protocols for the peace officers employed by the state hospitals and developmental centers. In addition, approved \$600,000 in one-time reimbursements for a contract with the California Highway Patrol that will assist with the development of the policies. Finally, adopted trailer bill language requiring CHHSA to work with system stakeholders to improve the quality and stability of law enforcement practices and the development of uniform procedures. HHS is required to report to the Legislature on the new procedures by July 1, 2015.

4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)

- California Poison Control System. Approved an increase of \$827,000 GF and \$1.5 million in reimbursements to provide a funding augmentation for the California Poison Control System. The funding would ensure that this system maintains the staffing levels and call response times necessary to maintain accreditation. (Rejected the Administration's request to use funding from the California Children and Families Commission instead of GF for this purpose as the Commission rejected the proposal to use their funds.)
- Epinephrine Auto Injector Training. Approved one two-year limited-term position and \$135,000 (Specialized First Aid Training Approval Fund) expenditure authority, beginning July 1, 2014, to address the new workload associated with the development and implementation of the Epinephrine Auto Injector training and certification program resulting from the passage of SB 669 (Huff), Chapter 725, Statutes of 2013. Adopted budget bill language to provide for a loan to the Specialized First Aid Training Approval Fund (from the Emergency Medical Services Personnel Fund) to allow this program to start prior to the collection of fees.
- Statewide Emergency Medical Response Capacity. Adopted supplemental reporting language to require EMSA to describe, in detail, the state and local resources available in a medical disaster, a comparison of how the state's resources compare to other states and countries of similar size, and recommendations on California's unmet needs in this area.

4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OHSPD)

- Song-Brown Program – New Residency Slots. Augmented OSHPD's budget by \$4 million California Health Data and Planning Fund to fund new residency slots in the Song-Brown Health Care Workforce Training Program over the next three years. Adopted Legislature's trailer bill language to specify criteria for this funding, including that priority shall be given to

support new primary care physician slots and to physicians who have graduated from a California-based medical school.

- Song-Program Residency Program. Approved \$2.84 million (California Health Data Planning Fund) per year for three years to expand the Song-Brown program. Adopted Administration's trailer bill language to expand the eligibility for Song-Brown residency program funding to teaching health centers and increased the number of primary care residents specializing in internal medicine, pediatrics, and obstetrics and gynecology. Approved one three-year limited-term position to develop and implement the program expansion.
- Health Care Reform Health Workforce. Approved request to make permanent the three limited-term positions responsible for proactive Health Professional Shortage Area, Medically Underserved Area, and Medically Underserved Population designation. These positions proactively seek to make these designations to improve access to care in underserved communities. Additionally, approved request to make permanent one position responsible for continuing the implementation of the Health Care Reform work plan. These two requests result in an increase in the California Health Data and Planning Fund expenditure authority of \$355,000 in 2014-15 and ongoing.
- Hospital Inpatient Discharge Data Audit. Approved request for two positions, \$652,000 in 2014-15, and \$636,000 ongoing (California Health Data and Planning Fund) to conduct periodic audits of hospital discharge data that is related to any report that OSHPD publishes. As part of this action, \$400,000 will be used to contract with a vendor to conduct audits of medical records to assess data quality issues onsite at hospitals across the state. This would allow for reabstraction of 4,000 charts annually at 10 hospitals.
- Unspent Mental Health Services Act Workforce and Education Training (WET) Funds. Approved request that \$102,000 in unexpended Mental Health Services Act WET funds be appropriated through 2017-18 for mental health WET programs.
- Reallocation of California Endowment Grant Funding for Workforce Development. Approved request to redirect \$700,000 of OSHPD's California Endowment grant from the Song-Brown Program to other programs that will increase the healthcare workforce supply and distribution. The California Endowment plans to invest \$52 million over four years into OSHPD's health workforce development programs. Of that amount, \$7 million was authorized to be allocated to OSHPD's Song-Brown program in 2014-15. This redirection includes: \$450,000 to California's Student/Resident Experiences and Rotations in Community Health, \$100,000 to Mini-Grants, and \$150,000 via reimbursement contract to the Department of Public Health's Fellowship Program.

4150 DEPARTMENT OF MANAGED HEALTH CARE (DMHC)

- Federal Mental Health Parity. Approved a one-time augmentation of \$369,000 (Managed Care Fund) in 2014-15 for clinical consulting services to conduct initial front-end compliance reviews to ensure oversight of California's implementation of the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA). Adopted Administration's proposed trailer bill language that provides DMHC with the authority to enforce federal mental health parity rules and conforms with federal rules to impose these requirements on large group products. Augmented DMHC's budget by \$4.2 million (Managed Care Fund) to add 10 positions and consulting services to ensure enforcement of these requirements. *The Governor vetoed \$2.1 million of the Legislature's augmentation (5 positions and \$1.46 million for consulting services) for this purpose.*
- New Customer Relationship Management System. Approved two positions and a reduction of \$50,000 for 2014-15 and ongoing to provide information technology programming services for the Customer Relationship Management system that is currently performed by contracted vendors. This request includes the redirection of existing contract resources to fund the two positions.
- AB 1 X1 – Medi-Cal Expansion Workload. Approved 18.0 positions and \$2,404,000 (Managed Care Fund) for 2014-15 and \$2,356,000 for 2015-16 and ongoing, to address increased workload resulting from implementation of AB 1 X1 (Pérez), Chapter 3, Statutes of 2013-14 of the First Extraordinary Session. This action includes \$312,000 for 2014-15 and \$416,000 for 2015-16 and ongoing for expert witness and deposition costs for enforcement trials.
- SB 2 X1 – Individual Market Workload. Approved 13.5 positions and \$1,518,000 (Managed Care Fund) for 2014-15 and 19.0 positions and \$2,010,000 for 2015-16 and ongoing to address the increased workload resulting from the implementation of SB 2 X1 (Hernandez), Chapter 2, Statutes of 2013-14 of the First Extraordinary Session related to the individual market. These positions will be responsible for providing consumer assistance and resolving consumer complaints.
- Transfer of Funding from the Office of the Patient Advocate (OPA). Augmented DMHC's budget by \$583,000 which reflects the transfer of funds from OPA to DMHC for direct consumer assistance grants. Adopted provisional budget bill language to specify that these funds are available to community-based organizations to provide assistance to consumers in navigating private and public health care coverage.

4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)

- Medi-Cal Provider Payments. Adopted Governor's proposal to forgive retroactive recoupments for certain Medi-Cal providers and to continue prospective payment reductions, pursuant to AB 97 (Committee on Budget), Chapter 3, Statutes of 2011. See table below for fiscal summary. Adopted trailer bill language that expresses the Legislature's intent that DHCS continue to monitor access to and utilization of Medi-Cal services and to use this information to evaluate the current reimbursement levels and make targeted changes to those reimbursement levels as it finds appropriate.

Medi-Cal - AB 97 Provider Payment Reductions						
Total Funds						
(dollars in thousands)						
Provider Type	Total Retroactive Savings	On-Going Annual Savings	Estimated Savings from AB 97 Reduction			
			2013-14		2014-15	
			On Going	Retro	On Going	Retro
Nursing Facilities - Level	\$246	\$254	\$254	\$123	\$254	\$92
ICF/DDs	forgiven	\$13,048	\$1,087	\$0	\$13,048	\$0
DP/NF-B	\$83,437	\$0	\$0	\$0	\$0	\$15,170
Phase 1 Providers	\$21,246	\$44,683	\$38,190	\$10,382	\$38,700	\$0
Physician 21 yrs+	forgiven	\$49,746	\$24,873	\$0	\$49,746	\$0
Medical Transportation	forgiven	\$14,461	\$12,051	\$0	\$14,461	\$0
Medical Supplies/DME	\$39,428	\$17,394	\$11,596	\$1,252	\$17,394	\$7,510
Dental	forgiven	\$60,460	\$35,419	\$0	\$60,460	\$0
Clinics	forgiven	\$18,512	\$9,256	\$0	\$18,512	\$0
Pharmacy	\$296,621	\$113,718	\$47,382	\$0	\$113,718	\$53,931
Phase 3 Providers	forgiven	\$2,414	\$0	\$0	\$1,811	\$0
Managed Care		\$139,794	\$105,518	\$0	\$139,794	\$0
Grand Total	\$440,978	\$474,484	\$285,626	\$11,757	\$467,898	\$76,703

- Medi-Cal: Pregnancy. Modified Administration's trailer bill language by providing full-scope Medi-Cal coverage to pregnant women with incomes at or below 138 percent of the federal poverty level (FPL) and creating an affordability and benefit program (wrap) for pregnant women with incomes above 138 percent and up to 208 percent of the FPL who enroll in a Qualified Health Plan (QHP) through Covered California. The trailer bill requires DHCS to cover the out-of-pocket expenditures of the women enrolled in a QHP through Covered California. These out-of-pocket expenditures include the premium amounts owed after premium tax credits have been applied, applicable cost-sharing, copayments, or any other covered costs that are required during their pregnancy and postpartum coverage. The woman shall receive all of her covered benefits via her QHP and may access additional medically necessary pregnancy-related Medi-Cal services outside of the QHP, under Medi-Cal fee-for-service (referred to as Pregnancy Benefit Wrap) to the extent they are not otherwise provided by the QHP. The affordability and benefit program shall be made available January 1, 2015, or when DHCS determines that the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) is operational to effectuate this policy. The trailer bill also requires DHCS to consult with stakeholders on the processes and procedures to inform affected applicants and

beneficiaries of their enrollment options under the Medi-Cal program and Covered California and the manner in which they may receive benefits and services, including Comprehensive Perinatal Services Program services, and authorizes women in the wrap to go out-of-network, if necessary, for Certified Nurse Midwives, Alternative/Freestanding Birth Centers, and family planning. The trailer bill also requires DHCS to monitor birth outcomes of women who are receiving full-scope and limited-scope Medi-Cal and women who are receiving services through the QHP with Medi-Cal as the benefit wrap.

- Medi-Cal: Cal MediConnect (CMC) and Medicare Advantage and D-SNP Plans. Modified Administration's trailer bill language to: (1) authorize DHCS to offer Medicare Improvements for Patients and Providers Act of 2008 to Dual-Eligible Special Needs Plans (D-SNPs) for 2015 and the duration of Cal MediConnect, with certain limitations; (2) give DHCS the authority to place an enrollment cap on Fully Integrated Dual-Eligible SNPs operating in Los Angeles, Riverside, and San Bernardino Counties; and (3) allow beneficiaries who are enrolled in an Alternative Health Care Service Plan (AHCSP), who age into Medicare while enrolled in the AHCSP, to elect to enroll in the AHCSP's D-SNP. The AHCSP would be required, upon mutual agreement between the CMC plan operated by a health authority or commission, to take full financial and programmatic responsibility for the long-term supports and services, and services of the D-SNP enrollee. Lastly, the trailer bill requires DHCS to take into account certain considerations when assigning Medi-Cal managed care beneficiaries to a Medi-Cal managed care health plan (MCP) subcontracting with an AHCSP. Also approved four three-year limited-term positions and \$760,000 (\$380,000 GF, \$380,000 federal fund) of which \$300,000 is allocated to the existing Mercer Health and Benefits LLC contract for actuarial services, to implement provisions of SB 94 (Committee on Budget & Fiscal Review), Chapter 37, Statutes of 2013, related to the use of "risk corridors" in the Coordinated Care Initiative.
- Medi-Cal: Mandatory Expansion Estimate. Reduced the Administration's request for expenditure authority related to the mandatory expansion of Medi-Cal by \$152 million GF. Appropriated \$766,137,000 GF for the costs related to the mandatory expansion of Medi-Cal in 2014-15.
- AB 85 – County Realignment. Approved \$3,446,000 (\$1,723,000 GF and \$1,723,000 federal funds) in 2014-15 and \$3,410,000 (\$1,705,000 GF and \$1,705,000 federal funds) in 2015-16 and ongoing to fund 18 positions and contract funds to implement and maintain the provisions of AB 85 (Committee of Budget), Chapter 24, Statutes of 2013. Also approved \$1.2 million (\$600,000 GF and \$600,000 federal funds) for consultant contracts related actuarial services and subject matter experts on public hospital data. Approved revised estimate of \$724.9 million in 2014-15 of county savings for indigent health care as a result of the Affordable Care Act. Current law redirects these county savings to CalWORKs, providing a corresponding GF offset.

- Medi-Cal: County Eligibility Administration Cost-of-Living Adjustment (COLA). Modified the Administration's trailer bill language to only suspend the COLA for county eligibility administration for 2014-15, instead of on a permanent basis.
- Medi-Cal: Denti-Cal Metrics and Monitoring. Adopted the Legislature's trailer bill language to require DHCS to monitor dental fee-for-service utilization in the Denti-Cal program using identified program metrics and to post this information on the department's website at least on an annual basis.
- Medi-Cal: CA-MMIS Contract Modifications. Adopted the Administration's trailer bill language to exempt contract amendments, modifications, and change orders for the California Medicaid Management Information System (CA-MMIS) Fiscal Intermediary (FI) contract from Public Code requirements.
- Medi-Cal: Provider Preventable Conditions. Adopted the Administration's trailer bill language to make statutory changes to comply with federal rules that require states to report provider preventable conditions (PPCs) and prohibit Medicaid (Medi-Cal) payment for costs of services related to PPCs. Specifically, this bill authorizes DHCS to exclude from Medi-Cal coverage certain increases in charges billed to the Medi-Cal program that are directly related to the treatment of PPCs, and to recoup any payments made for those excluded charges. Additionally, adopted the Administration's language to require providers to report PPCs to the department as specified by the department and modified the Administration's language by prohibiting the Medi-Cal enrollee from being billed for these procedures.
- Medi-Cal: Fingerprinting and Background Checks. Adopted the Administration's trailer bill language to provide DHCS with the authority to receive the results of criminal background checks of applicants and providers from the Department of Justice (DOJ) in order to screen or enroll the Medi-Cal provider applicants and providers. This language also clarifies that applicants and providers are responsible for reimbursing DOJ for the costs to complete the expanded background checks and fingerprinting, and that In-Home Supportive Services providers will follow the current fingerprinting and background check process required in Welfare and Institutions Code Section 15660.
- Medi-Cal: Applied Behavioral Analysis (ABA). Adopted the Legislature's trailer bill language to require ABA, or behavioral health treatment (BHT), to be a covered Medi-Cal service for individuals under age 21 to the extent required by the federal government. This bill requires the Department of Health Care Services (DHCS) to implement this new benefit only after consultation with stakeholders.
- Medi-Cal: Supplemental Managed Care Organization (MCO) Drug Rebates for Specialty Drugs. Adopted trailer bill language that allows for MCO supplemental rebates for specialty drugs, such as Hepatitis C drugs like Sovaldi. This rebate collection would occur when: (1) DHCS reimburses health plans through a separate capitated payment or other supplemental

payment (“kick-payment”) for the specialty drug; and (2) health plans follow the clinical guidelines (coverage policies) for this drug. This change results in \$6 million GF savings in 2014-15, \$20 million GF savings in 2015-16, and \$31 million GF savings annually thereafter.

- Medi-Cal: Statewide Drug Formulary and Supplemental Rebates. Rejected the Administration’s trailer bill language to create a statewide drug formulary (core statewide outpatient Medi-Cal contract drug list) and negotiate supplemental drug rebate contracts with manufacturers for all Medi-Cal programs, including managed care plans.
- Medi-Cal: Pediatric Vision Projects. Adopted the Administration’s trailer bill language to implement a pilot program in Los Angeles County no sooner than January 1, 2015, and concluding December 31, 2017, to expand pediatric vision examinations and services through the use of mobile vision providers.
- Medi-Cal: Pediatric Dental Outreach. Approved \$17.5 million (\$8 million Proposition 10 funds provided by the California Children and Families Commission [First 5] and \$9.4 million federal funds) to increase dental care outreach activities for children ages zero to three years. This funding includes: \$643,000 (\$190,000 Proposition 10 funds) for outreach activities and \$16.8 million (\$7.9 million Proposition 10 funds) to be used for the expected increase in dental services utilization as a result of these outreach activities.
- Medi-Cal: Program of All-Inclusive Care for Elderly (PACE). Adopted the Legislature’s trailer bill language to require, starting April 1, 2015, that PACE capitation rates be no less than 95 percent of the fee-for-service equivalent cost. This change results in \$1.8 million GF costs in 2014-15, and \$7.3 million GF costs annually, thereafter.
- Medi-Cal: Program Integrity Data Analytics. Approved \$5.0 million (\$1.25 million GF and \$3.75 million Federal Fund) in 2014-15, \$10.0 million (\$2.5 million GF and \$7.5 million Federal Fund) in 2015-16 and 2016-17, and \$5.0 million (\$1.25 million GF and \$3.75 million Federal Fund) in 2017-18 to secure a data analytics contractor to expand on recent data analytics activities that have enhanced DHCS’ Medi-Cal program integrity efforts.
- Medi-Cal: New County Administration Methodology. Approved an increase of \$1.485 million (\$742,000 GF) for two three-year limited-term positions for the Medi-Cal Eligibility Division County Administrative Expense Section, and contracted services. This request is based on language included in SB 28 (Hernandez), Chapter 442, Statutes of 2013, which directs the DHCS, in consultation with the counties and County Welfare Directors Association (CWDA), to design and implement a new budgeting methodology for county administrative costs that reflects the impact of the Affordable Care Act (ACA) on county administrative work and present that methodology to the Legislature no later than March 2015. Rejected Administration’s January proposal to instead fund seven positions, including auditor positions.

- Medi-Cal: AB 1 X1 Eligibility. Approved eight positions and expenditure authority of \$1,062,000 (\$295,000 GF and \$767,000 federal funds) in 2014-15 and \$1,046,000 (\$290,000 GF and \$756,000 federal funds) in 2015-16 to implement the various statutory requirements of AB 1 X1 (Pérez), Chapter 3, Statutes of 2013-14 of the First Extraordinary Session. Specifically, AB 1 X1 authorizes DHCS to implement various Medicaid provisions of the Affordable Care Act (ACA).
- Medi-Cal: SB 1 X1 Hospital Presumptive Eligibility. Approved \$1,583,000 (\$396,000 GF, \$1,187,000 Federal Fund) with an on-going cost of \$239,000 (\$60,000 GF, \$179,000 Federal Fund) per year for the information technology consultant costs associated with enhancing the business functionalities and reporting requirements of the Medi-Cal Eligibility Determination System (MEDS) to create a Hospital Presumptive Eligibility gateway and implement the Hospital Presumptive Eligibility (PE) program, as set forth in the Affordable Care Act (ACA) and enacted in SB 1 X1 (Hernandez), Chapter 4, Statutes of 2013-14 of the First Extraordinary Session.
- Health Care Coverage Bridge Plan. Rejected request for four three-year limited-term positions and \$460,000 (\$229,000 GF and \$231,000 Federal Trust Fund) to implement the provisions of SB 3 X1 (Hernandez), Chapter 5, Statutes of 2013-14 of the First Extraordinary Session. Federal approval for the bridge plan has not yet been received.
- Medi-Cal: CalHEERS. Approved request to extend 12 two-year limited-term positions which expire June 30, 2014, and \$1,777,000 (\$314,000 GF, \$857,000 federal funds, and \$606,000 Reimbursement from Covered California) in associated funding to support the ongoing planning, design, development, implementation, and ongoing maintenance of MEDS system changes and integration with CalHEERS and county eligibility consortia systems.
- Medi-Cal: CBAS Program. Approved the extension of three limited-term positions in the Long-Term Care Division, set to expire on August 31, 2014, for an additional year, and the extension of current limited-term positions, set to expire on June 30, 2014, another two years in the Medi-Cal Managed Care Division in order to complete required workload pursuant to the Community-Based Adult Services (CBAS) Settlement Agreement and federal 1115 Waiver. The cost of these positions is \$540,000 (\$241,000 GF and \$299,000 Federal Fund).
- Medi-Cal: Ground Emergency Medical Transportation. Approved five and one-half permanent positions, three three-year limited-term positions, and \$1,013,000 in expenditure authority (\$507,000 Federal Fund and \$506,000 Reimbursement Fund) to perform audits on approximately 160 local Fire Districts and Ground Emergency Medical Transportation (GEMT) providers throughout California that will receive supplemental payments for GEMT services as authorized by AB 678 (Pan), Chapter 397, Statutes of 2011.
- Eliminate Managed Risk Medical Insurance Board (MRMIB). Adopted the Administration's trailer bill language to eliminate MRMIB and transfer its programs, the Major Risk Medical

Insurance Program (MRMIP), the Access for Infants and Mothers (AIM) program, and the County Children's Health Initiative Matching (CHIM) Fund Program, to DHCS. The trailer bill includes no changes to these programs, other than their transfer to DHCS. The trailer bill also (1) renames the AIM program to the Medi-Cal Access Program, (2) transitions the responsibility for the close-out activities related to the Healthy Families Program transition to Medi-Cal and the Pre-Existing Conditions Insurance Program transition to the federal government to DHCS, (3) deletes reference to adults from the CHIM Program provisions as the program was never expanded to cover parents, and (4) changes the allocation of Cigarette and Tobacco Products Surtax Fund (Proposition 99) to MRMIP to be contingent on the appropriation in the budget act.

- Future of MRMIP. Rejected Administration's proposal to eliminate MRMIP effective January 1, 2015. Instead, adopted the Legislature's trailer bill language to require DHCS to convene a stakeholder workgroup by August 1, 2014 composed of stakeholders, including health care providers, county representatives, labor, consumer advocates, immigrant policy advocates, and employers of low-wage workers to develop a plan to utilize available Major Risk Medical Insurance Funds, including Managed Care Administrative Fines Penalties Funds, and the Cigarette and Tobacco Products Surtax Fund to continue to provide health coverage to individuals that are not eligible for other full-scope programs or subsidies.
- Notification to Enrollees in State Health Programs. Adopted the Legislature's trailer bill language to require DHCS by August 1, 2014 to work with stakeholders to develop a notification to be sent to enrollees in the state-only and non-comprehensive health programs to inform them that they may qualify for comprehensive coverage through Covered California or Medi-Cal. This notification would be sent annually prior to the open enrollment period for Covered California.
- Medi-Cal: Mental Health and Substance Use Disorder Benefit Expansion Positions. Approved 10 permanent positions and 12 two-year limited-term positions to implement new requirements set forth in the Affordable Care Act (ACA), and enacted in SB 1 X1 and as a part of the 2013-14 budget, for enhanced Medi-Cal substance use disorders services. The total cost of these positions is \$2,748,000 (\$1,303,000 GF and \$1,445,000 federal funds).
- Monitoring County Mental Health Plans. Approved seven positions and \$1,145,000 (\$314,000 GF and \$831,000 federal funds) to increase the scope, frequency, and intensity of monitoring and oversight by DHCS of county mental health plans.
- Performance Outcomes System Plan for EPSDT Medi-Cal Mental Health Services. Approved \$563,000 (\$242,000 GF and \$321,000 federal funds) for four permanent positions to implement a Performance Outcome System for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) mental health services as required by SB 1009 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2012 and AB 82 (Committee on Budget), Chapter 34, Statutes of 2013.

- Staff Resources to Implement SB 82 and SB 364. Approved two positions (instead of the requested three positions) to implement SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, the Investment in Mental Health Wellness Act of 2013, and SB 364 (Steinberg), Chapter 567, Statues of 2013, which broadens the types of facilities that can be used for the purposes of 72-hour treatment and evaluation under Welfare and Institutions Code Section 5150.
- Re-Certification of Drug Medi-Cal Providers. Approved 21 one-year limited-term positions at a cost of \$2.2 million (\$1.1 million GF) to recertify all providers in the Drug Medi-Cal program (DMC). These positions would continue efforts commenced in the current year to improve DMC program integrity and recertify only providers meeting standards of participation in Medi-Cal. DHCS redirected 21 positions in 2013-14 to begin this work.
- Continuance of Driving-Under-the-Influence (DUI) Program Evaluation. Approved \$96,000 (DUI Program Licensing Trust Fund) to renew a contract to continue its evaluation of the DUI programs that are licensed and monitored by the state. The evaluation would run from 2014-15 through 2015-16, at an annual cost of \$96,000.
- Substance Use Disorder Residential and Outpatient Facilities. Adopted the Administration's trailer bill language to allow DHCS to increase licensure, application, and certification fees for non-medical residential and outpatient alcohol and other drug detoxification, treatment, or recovery services facilities upon approval of the Legislature through a provider bulletin. Approved request for \$739,000 and six three-year limited-term positions to investigate complaints related to counselors and facilities that provide 24-hour, non-medical residential and outpatient alcohol and other drug detoxification, treatment, or recovery services to adults.
- California Institute for Mental Health (CiMH) and Substance Use Disorder Services. Adopted the Legislature's trailer bill language to expand CiMH's responsibilities to include the ability to provide technical assistance and training on substance use disorder services given its merger with the Alcohol and Drug Policy Institute on July 1, 2014.
- Martin Luther King (MLK) Jr. Community Hospital. Adopted the Legislature's trailer bill language to ensure that the new MLK, Jr. Community Hospital receives at a minimum the financing committed to it in 2010 in a manner that continues to guarantee a cap on the state's contribution.
- Robert F. Kennedy Health Plan. Adopted the Legislature's trailer bill language to provide \$3.2 million in one-time funds from the Major Risk Medical Insurance Fund to DHCS to be allocated to the Robert F. Kennedy Health Plan for purposes of purchasing stop loss insurance.
- Electronic Health Records – State Match. Adopted the Legislature's trailer bill language to provide \$3.75 million in one-time funds from the Major Risk Medical Insurance Fund to DHCS

to be used as the state match to draw down \$37.5 million in federal funds to support the meaningful use of electronic health records in the state.

- Katie A. Settlement Agreement Reporting Requirements. Approved \$1.2 million (\$600,000 GF and \$600,000 Reimbursements) and budget bill language to support the increased county workload necessary to provide semi-annual progress reports and implementation activities, as required by the *Katie A. v. Bonta* settlement agreement.
- MEDS Modernization. Approved \$3,480,000 in expenditure authority (\$528,000 GF and \$2,952,000 Federal Funds) for the 16.0 two-year limited-term positions to modernize the Medi-Cal Eligibility Data System (MEDS). This supports the Project Planning and Requirements Elicitation activities of the project.
- Breast and Cervical Cancer Treatment Program. Approved the extension of six limited-term positions for the Breast and Cervical Cancer Treatment Program to June 30, 2016. The current positions will expire on December 31, 2014. The extension of the positions will address the backlog associated with annual redeterminations, the initial eligibility determinations workload, and the processing of requests by applicants for retroactive coverage. The total cost of these resources is \$301,000 (\$151,000 GF and \$150,000 Federal Fund) for 2014-15. For 2015-16, the total cost is \$603,000 (\$302,000 GF and \$301,000 Federal Fund).
- Baseline HIPAA Staffing. Approved conversion of seven and one-half previously approved limited-term positions to permanent status and the extension of six limited-term positions for an additional two years, effective July 2014 as these positions will expire on June 30, 2014. The positions cost a total of \$1,907,000 (\$320,000 GF and \$1,587,000 Federal Fund, 80:20) and would maintain efforts on existing workload, current federal and state HIPAA rules, address new codified HIPAA rules and continue oversight of privacy and security requirements.
- Every Woman Counts Contract Conversion. Approved four two-year limited-term positions to replace existing contract staff in the Every Woman Counts Program in order to comply with Government Code Section 19130, which prohibits contracting out for services that can be performed by state civil servants. This results in savings of \$143,000 federal funds.
- Family Health Estimate. Approved \$107 million (\$10.7 million GF) for California Children's Services, \$1.63 million (\$1.62 million GF and \$11,000 Childhood Lead Poisoning Prevention Fund) for the Child Health and Disability Prevention Program, \$102.6 million (\$11.6 million GF) for the Genetically Handicapped Persons Program, and \$52.7 million (\$18 million GF) for the Every Woman Counts Program.

4265 DEPARTMENT OF PUBLIC HEALTH (DPH)

- Black Infant Health. Augmented DPH's budget by \$4 million GF for the Black Infant Health Program.
- HIV Demonstration Projects. Augmented DPH's budget by \$3 million GF and adopted the Legislature's trailer bill language to establish public health demonstration projects for innovative, evidence-based approaches to provide outreach, HIV and Hepatitis C screenings, and linkages to, and retention in, quality health care for underserved individuals with high-risk for HIV infection.
- AIDS Drug Assistance Program (ADAP). Approved proposal to add simeprevir (Olysio) and sofosbuvir (Sovaldi) to the ADAP formulary. The net cost of adding this treatment is \$26 million and assumes that DPH is able to get \$5 million in rebates from these manufacturers.
- Cross Match of ADAP Data with Franchise Tax Board. Adopted the Administration's trailer bill language to provide the State Franchise Tax Board with authority to share state tax data with the Office of AIDS at DPH for verifying applicant/client income eligibility for the federally funded Ryan White HIV/AIDS Program ADAP.
- Office of AIDS-Health Insurance Premium Assistance Payment Program (OA-HIPP) Medical Cost Sharing Wrap. Adopted trailer bill language to provide the authority to develop the capacity to pay out-of-pocket medical expenses, in addition to premiums for eligible OA-HIPP clients, for clients who choose to purchase insurance through Covered California. This would encourage more ADAP clients to enroll in comprehensive coverage and would result in a reduction in ADAP costs of \$9.9 million in 2014-15.
- Tuberculosis Control Mandate. Rejected proposed suspension of tuberculosis control mandate and maintained funding to pay past claims for these activities. Adopted the Legislature's trailer bill language that specifies that funds allocated as part of DPH's tuberculosis control subvention grant to local jurisdictions shall be used to support these tuberculosis control activities. Augmented DPH's budget by \$250,000 GF to account for these activities.
- State Dental Director. Approved \$474,000 (\$250,000 GF and \$224,000 in reimbursements, federal funds from the Department of Health Care Services) to establish a State Dental Director, add an epidemiologist, and provide related consulting services to re-establish a statewide dental health program.
- Transfer Drinking Water Program to State Water Resources Control Board. Adopted trailer bill language to transfer the Drinking Water Program to the State Water Resources Control Board (SWRCB). This included a shift of 291 positions and \$202 million (\$5 million GF) from DPH to the SWRCB, and included an additional \$1.8 million (GF) for one-time funds for technology and facility costs. See Environmental Protection section of this report for more information.

- Supplemental Nutrition Assistance Program for Education (SNAP-Ed). Modified Administration's proposal to convert 70 contract positions to 45 state positions by also requiring DPH to enter into a non-competitive bid (NCB) contract with the Public Health Institute (PHI), the current contractor, for a 12-month period. This one-time NCB contract will be for \$6.5 million for services that include knowledge transfer, technical assistance to state staff, and other services that will enable a smooth transition to DPH state staff for SNAP-ED functions currently performed by PHI. Adopted the Legislature's trailer bill language to require DPH to convene a quarterly meeting of stakeholders, between July 1, 2014 and October 31, 2015, to solicit input and receive feedback on nutrition education and obesity prevention programs and to help minimize any disruption of services in the SNAP-Ed program during the transition of work from contracted vendors to civil service.
- Biomonitoring. Approved four two-year limited-term positions and expenditure authority of \$700,000 (\$350,000 Toxic Substances Control Account/\$350,000 Birth Defects Program Monitoring Fund) in 2014-15 and \$696,000 (\$346,000 Toxic Substances Control Account/\$350,000 Birth Defects Program Monitoring Fund) in 2015-16 to support the California Environmental Contaminant Biomonitoring Program.
- Medical Marijuana Program Budget Adjustment. Approved request to decrease expenditures by \$84,000 in the Medical Marijuana Program Fund due to a decline in revenues.
- Proposition 99 Adjustment. Approved the following reductions in Proposition 99 funding:
 - Reduced Health Education Account by \$1,567,000 – A decrease in state operations for the Center for Chronic Disease Prevention and Health Promotion's California Tobacco Control Program (CTCP).
 - Reduced Research Account by \$360,000 – A decrease in funds available for CTCP external research contracts.
 - Reduced Unallocated Account by \$157,000 – A reduction in administrative support for the CTCP.
 - Reduced Health Education Account by \$2 million – A decrease in competitive grant and funding allocations to Local Lead Agencies.
- Health in All Policies Task Force. Rejected request for \$458,000 (distributed administration funding) and four full-time permanent positions to staff the Health in All Policies Task Force. The proposal included: (1) \$270,000 federal funds, (2) \$120,000 Licensing and Certification Fund, (3) \$27,000 Genetic Disease Testing Fund, and (4) \$24,000 Radiation Control Fund.
- Licensing and Certification (L&C) Reporting. Adopted the Legislature's trailer bill language to require DPH, beginning October 2014 and on a quarterly basis, to report metrics on: (1) investigations of complaints related to paraprofessionals certified by DPH; (2) long-term care health facility complaints, investigations, state relicensing, and federal recertification surveys; and (3) vacancy rates and hiring within L&C.

The trailer bill language also requires:

- DPH to report by October 2016 the previously specified information above for all facility types.
 - DPH to report by October 2014 on the status of the \$1.4 million appropriated in fiscal year 2014-15 from the Internal Departmental Quality Improvement Account for the “Licensing and Certification Program Evaluation,” and the outcomes from this effort, the department’s efforts to evaluate and reform the L&C timekeeping systems and estimate methodology, and an update on the Los Angeles County contract and Licensing and Certification’s oversight of this contract.
 - DPH to assess the possibilities of using professional position classifications other than Health Facility Evaluator Nurses to perform licensing and certification survey or complaint workload by December 1, 2014.
 - DPH, beginning August 2014, to hold semiannual meetings for all interested stakeholders to provide feedback on improving the L&C program to ensure that Californians receive the highest quality of medical care in health facilities. Once they are available, the department will present the quarterly workload and performance metrics at these meetings.
- L&C: Timely Investigations of Caregivers. Approved 18 two-year limited-term positions and \$1,951,000 (L&C Fund) to support timely investigations of allegations/complaints filed against Certified Nurse Assistants, Home Health Aides, and Certified Hemodialysis Technicians.
 - L&C: Program Evaluation Contract. Approved one-time funding of \$1.4 million from the Internal Departmental Quality Improvement Account to further expand the work being conducted by the current contractor related to the L&C Program Evaluation project.
 - L&C: Licensing Standards for Chronic Dialysis Clinics, Rehabilitation Clinics, and Surgical Clinics. Approved one-time special fund (Internal Departmental Quality Improvement Account) expenditure authority of \$201,000 to contract with the University of California, Davis for an independent research analysis and report that describes the extent to which the federal certification standards are or are not sufficient as a basis for state licensing standards, as required by SB 534 (Hernandez), Chapter 722, Statutes of 2013.
 - Genetic Disease Screening Program – Prenatal Screening Fee Increase. Approved request to increase the fee in the Prenatal Screening Program by \$45 to bring the total fee to \$207, effective July 1, 2014. This fee covers a blood test for participating women and follow-up services offered to women with positive screening results.
 - Infant Botulism Treatment and Prevention Program. Approved an increase in expenditure authority of \$3 million in 2014-15 and \$951,000 in 2015-16 in the Infant Botulism Prevention and Treatment Fund to use fee revenue accumulated in the BabyBIG[®]/Infant Botulism Special Fund, to sustain statutorily-mandated production, distribution, regulatory compliance, and other activities for DPH’s public service orphan drug BabyBIG[®] program. (An orphan drug is a

treatment for a rare medical condition, typically developed as a matter of public policy because of insufficient profit motive for drug manufacturers.)

Approved conversion contract positions and establish two permanent state positions. The conversion of contract positions to state positions would reduce expenditure authority by \$46,000 from the Infant Botulism Treatment and Prevention Fund.

- California Reducing Disparities Project (CRDP). Adopted the Administration's trailer bill language to provide DPH with a statutory exemption from the Public Contract Code for CRDP that would allow DPH to complete the Strategic Plan (Phase I) and commence Phase II of the CRDP, a \$60 million (Mental Health Services Act Funds) endeavor to implement and evaluate community-defined mental health practices.
- Federal Fund Authority. Adopted the Legislature's trailer bill language to clarify DPH's authority to apply for federal grants within the purview of public health.
- Medical Privacy Breach Enforcement. Adopted the Administration's trailer bill language to combine the authority of two existing programs (at the California Health and Human Services Agency and DPH) charged with enforcing medical privacy violations. To do this, the authority of the California Health and Human Services Agency's California Office of Health Information Integrity over medical privacy breaches by individuals is combined with DPH's authority over medical privacy breaches at health facilities.

4280 MANAGED RISK MEDICAL INSURANCE BOARD (MRMIB)

- Eliminate MRMIB. Adopted Administration's proposal to eliminate MRMIB and transfer its programs to DHCS. See item under DHCS for more information.

4440 DEPARTMENT OF STATE HOSPITALS (DSH)

- Salinas Valley and Vacaville Psychiatric Programs. Authorized DSH to continue operating an additional 137 beds at Salinas Valley and Vacaville (beyond the bed migration plan), at a cost of \$13.3 million in the current year (to be funded with savings from the delayed activation of beds at the Stockton program) and \$26.3 million General Fund in 2014-15 and on-going. DSH requests these resources to permanently maintain 204.3 existing positions at Salinas Valley and Vacaville.
- Patient Management Unit. Approved \$1.1 million GF and 10 two-year limited-term positions to establish a patient management unit to centralize admissions and transfers of patients throughout the state hospital system.

- Restoration of Competency Expansion. Approved an increase of \$3.9 million GF to expand the restoration of competency program (ROC) by 45 to 55 beds. In addition, adopted trailer bill language expanding the ROC program to secured community treatment facilities. In addition, required that any unspent funds revert to the General Fund.
- Enhanced Treatment Units (ETU) Capital Outlay. Approved \$1.5 million GF for DHS and the Department of General Services (DGS) to prepare an analysis, estimate, and infrastructure design for the development of 44 locked ETUs in the five state hospitals. Adopted budget bill language requiring the enactment of legislation authorizing the ETUs in order for the construction phase of the project to proceed.
- Incompetent to Stand Trial (IST) Waiting List. Approved \$7.87 million General Fund for the current year (2013-14) and \$27.8 million General Fund for 2014-15, to increase bed capacity by 105 beds to address the waiting list specific to IST patients.
- Independent Staffing Analysis and Assessment of Current Capacity. Adopted supplemental reporting language requiring the department to develop a proposal, by January 10, 2015, to contract for an independent staffing analysis to determine the appropriate staffing level for each of the five state hospitals and three programs in correctional facilities. The staffing ratios should be based on licensing requirements, clinical need, necessary bed vacancies, and other factors as deemed appropriate by the independent assessor.
- Proposal for Independent Oversight. Adopted trailer bill language requiring the Health and Human Services Agency to provide, no later than January 10, 2015, a report to the fiscal and appropriate policy committees of the Legislature, reviewing and evaluating the best practices and strategies, including independent oversight, for effectively addressing the employee discipline process, criminal and major incident investigations, and the use of force within the Department of State Hospitals. The report shall include specific and detailed recommendations.
- Medical Grade Network (MGN). Approved two permanent positions and \$7.4 million General Fund in 2014-15, and \$2.3 million General Fund (\$726,000 one-time and \$1.5 million on-going) for 2015-16, to implement the MGN project to add foundational infrastructure to the DSH inter-hospital network.
- Security Fencing at Patton. Approved the construction of a new security fence at Patton State Hospital. The project will demolish ground guard posts, existing fencing, lighting, paving, and selected trees and shrubs. Construction will be a Level II design, double perimeter fence with barbed tape, fence detection system, 13 ground guard posts, two vehicle and pedestrian sally ports, perimeter patrol roadway improvements, modification to portions of the internal roads, new security lighting, and closed circuit television cameras. This project will support the re-evaluation of existing working drawings, and fund the construction phase. The total project cost is estimated to be \$16.4 million, and CDCR expects annual savings of \$4.8 million due to a reduction in security staff.

- Third Party Billing. Approved 15 two-year limited-term positions and \$1,893,000 in reimbursements to consolidate functions related to billing and collection of third party resources that are not performed by the Department of Developmental Services (DDS).
- Cal-OSHA Standards. Approved \$502,000 GF and five two-year limited-term positions to establish statewide support for compliance with Department of Occupational Safety and Health (Cal-OSHA) standards.
- Seismic Upgrades at Atascadero. Approved \$325,000 GF for the preliminary plans necessary to perform a seismic retrofit at the main East-West corridor at Atascadero State Hospital. The retrofit will include construction of steel lateral frames in the upper third portion of the corridor. Construction also will include a security sally port and temporary access doors. It is anticipated that this project will reduce the risk level of the corridor from the current Level V to a Level III. Project construction costs are estimated to be \$6.2 million.
- Security Fencing at Napa. Approved \$191,000 to develop working drawings. Total costs for the fencing are estimated to be approximately \$900,000. This project is to improve security in the courtyards in the patient housing buildings, including replacement of gates and fabricating and installing extensions to raise the height of security fencing in specified buildings.
- Fire Alarm Upgrade at Metropolitan. Approved \$712,000 for the working drawings phase of the project. Development of preliminary plans was funded in the current fiscal year at \$633,000. This proposal is to completely upgrade the existing Notifier Fire Alarm Systems in patient housing and to provide a new central monitoring system located at Hospital Police Dispatch. The total project cost is estimated to be approximately \$9 million. According to the proposal, the existing system is not code compliant and does not provide serviceability and/or expandability.

4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)

- Triage Personnel Grant. Approved three permanent positions and \$296,000 (Mental Health Services Fund) for 2014-15 and \$290,000 ongoing to administer and monitor the Triage Personnel Grant Program created by SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, the Investment in Mental Health Wellness Act of 2013. Adopted budget bill language to reappropriate \$12.3 million in 2013-14 funding related to these triage personnel grants.
- Suicide Nets for Golden Gate Bridge. Directed \$7 million Mental Health Services Fund (from an unused 2013-14 appropriation related to the Triage Personnel Grant Program) for suicide

prevention efforts at the Golden Gate Bridge. Adopted budget bill language to direct this funding.

- Reappropriate Funds for Evaluation. Approved request to extend the liquidation period for a \$400,000 contract with the University of California, Davis to support the Commission's evaluation efforts.

4800 CALIFORNIA HEALTH BENEFIT EXCHANGE

- Health Benefit Exchange Emergency Regulation Authority. Modified the Administration's trailer bill language to allow emergency regulations adopted by the Health Benefit Exchange to be readopted for one more year (no further readoptions would be allowed after January 1, 2017), instead of two years.

Health Related Budget Trailer Bills

1. *Health Omnibus – SB 857 (Budget and Fiscal Review) Chapter 31; Statutes of 2014.*
2. *Health Omnibus Two – SB 870 (Budget and Fiscal Review) Chapter 40; Statutes of 2014.*
3. *State Hospitals: Public Safety Omnibus – AB 1468 (Budget) Chapter 26, Statutes of 2014.*

HUMAN SERVICES

0530 HEALTH AND HUMAN SERVICES AGENCY, OFFICE OF SYSTEMS INTEGRATION (OSI)

Case Management, Information, and Payrolling System (CMIPS) II

- Approved an increase of \$17.5 million to support CMIPS II system changes -- to update the system to reflect the federal Fair Labor Standards Act's Final Rule, increases in the minimum hourly wage rate pursuant to AB 10 (Alejo), Chapter 351, Statutes of 2013, and enhancements to accommodate recipients who are blind and visually impaired.

County Expense Claim Reporting System (CECRIS)

- Approved one two-year limited-term position, and \$130,000 in spending authority for the Office of Systems Integration (OSI) to provide procurement and acquisition subject matter expertise to the Department of Social Services (DSS) on the County Expense Claim Reporting Information System (CECRIS) project. The position (one senior information systems analyst) will be funded through an interagency agreement between OSI and DSS.

Appeals Case Management System

- Approved \$130,000 in one-time expenditure authority to provide procurement and acquisition subject matter expertise to DSS on the State Hearings Division ACMS project.
- Approved \$3.6 million, reflecting a shift of six positions and contract funding from the Department of Social Services to the Office of Systems Integration, to support OSI's management of the ACMS.

Please see related items for Automation Projects under the Department of Social Services below.

4170 CALIFORNIA DEPARTMENT OF AGING (CDA)

Approved as budgeted, including the following actions:

- Approved \$820,000 in budget authority (\$153,000 in FY 2013-14; \$276,000 for FY 2014-15; \$311,000 for FY 2015-16; and \$80,000 for FY 2016-17) for a three-year (October 1, 2013, to September 30, 2016) grant from the federal Administration on Community Living to build a dementia-capable integrated system of care for patients with Alzheimer's, or related diagnoses, enrolled in California's Cal Medi-Connect.

- Transferred the Aging and Disability Resource Connection (ADRC) program's administration and oversight from the Health and Human Services Agency to CDA, and transfer 2.6 one-year limited-term positions from CHHS to CDA.
- Approved \$275,000 in reimbursement authority to fund ADRC program oversight activities.
- Approved \$536,000 in federal local assistance expenditure authority (\$179,000 for budget year; and, \$179,000 for FY 2015-16) over three state fiscal years (August 1, 2013, to July 31, 2016) for the Model Approaches to Statewide Legal Assistance Systems - Phase II Grant. The Phase II grant project will deliver Older Americans Act (OAA)-funded legal services to older adults in greatest need, including resources for older adults to attend legal education presentations, receive or view online self-help legal education materials, and receive referrals to legal assistance via the statewide aging and disability networks.
- Approved an increase of \$161,000 for the Health Insurance Counseling Program (HICAP) and \$1,216,000 to reflect receipt of additional federal grant funds that will support increased workload in the State Health Insurance Program and California's Coordinated Care Initiative associated with expanded federal Centers for Medicare and Medicaid Services reporting requirements, training, outreach, and awareness of health insurance counseling to the eight counties -- Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara -- participating in Cal MediConnect.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

Developmental Centers

- Related to the recommendations made in the Health and Human Services Agency's "*Plan for the Future of Developmental Centers in California*":
 - Approved \$3.2 million (\$2 million GF), and trailer bill language, to establish two acute crisis centers at Fairview and Sonoma developmental centers. Each acute crisis center will serve up to five individuals.
 - Approved trailer bill language to expand the community state staff program, previously limited to persons moving from Agnews and Lanterman developmental centers, to support individuals transitioning from a developmental center to the community and to prevent the unnecessary institutionalization and hospitalization of persons with developmental disabilities.
- Approved various adjustments related to caseload, Lanterman Developmental Center closure activities, and the implementation of program improvement plans at all developmental centers.

Community Services

- Related to the recommendations made in the Health and Human Services Agency's "*Plan for the Future of Developmental Centers in California*":
 - Approved \$5.4 million (GF), and trailer bill language, for a pilot program to develop up to six enhanced behavioral support homes each year, each home serving no more than four individuals with significant behavioral challenges, moving from a developmental center or at risk of placement in a development center or other restrictive setting. These homes will be certified by DDS and licensed by the Department of Social Services (DSS).
 - Approved \$3.9 million (GF), and trailer bill language, to develop two community crisis homes, each to serve no more than eight individuals at risk of admission to a developmental center or other restrictive setting. The homes, one in northern California and one in southern California, would be certified by DDS and licensed by DSS.
 - Approved \$1.5 million (GF) to develop two transitional homes, and \$900,000 (GF) to develop an adult residential facility for persons with special health care needs (ARFPSHN) that includes behavioral supports, to serve persons moving from a developmental center. These models currently exist and do not require additional statutory authority.
 - Approved \$1.2 million (\$1.1 million GF) to increase regional center staffing to support resource development, quality assurance, support for specialized behavioral and medical care homes, and enhanced case management.
 - Approved \$121,000 (GF) to provide quality assurance through enhanced evaluation activities related to persons moving from a developmental center to the community.
 - Approved the re-appropriation of \$13 million (GF), a portion of which is unspent community placement plan funds, to be used to implement selected recommendations made in the Health and Human Services Agency's "*Plan for the Future of Developmental Centers in California*".
- Adopted trailer bill language to require the evaluation of the new community program models described above.
- Adopted trailer bill language to improve the court process and advocacy assistance provided to persons moving from, or at risk of placement in, a developmental center.
- Augmented by \$8 million (GF), and adopted trailer bill language, to restore eligibility for the Early Start Program to the level in place prior to the 2009 state budget, effective January 1, 2015.

- Removed the prohibition on the payment of insurance deductibles for consumers and families, under specified conditions, when it relates to the provision of a service identified in the individual program plan.
- Approved adjustments, and trailer bill language, necessary to comply with the change in the minimum wage, effective January 1, 2015. Additionally, augmented by \$9.5 million (\$5.2 million GF), and approved trailer bill language, to reflect the costs to in-home respite services, supported living services and personal assistants in complying with Federal Labor Standards changes related to the payment of overtime. Adopted supplemental reporting language to require DDS to report on the expenditure of these funds.
- Adopted budget bill language to require DDS to make recommendations for revisions to existing rate-setting methodologies for community-based services and supports, following consultation with system stakeholders. *The Governor vetoed this language and instead directed the Health and Human Services Agency to convene a task force to review this issue and other community issues identified in the Plan for the Future of Developmental Centers.*
- Adopted budget bill language to require DDS to make recommendations for updating the regional centers' core-staffing formula, following consultation with system stakeholders. *The Governor vetoed this language and instead directed the Health and Human Services Agency to convene a task force to review this issue and other community issues identified in the Plan for the Future of Developmental Centers.*
- Approved caseload and utilization adjustments for 2013-14 and 2014-15.
- Approved budget bill language to increase loan authority for DDS in order to meet cash flow needs when there are delays in collecting reimbursements from the Health Care Deposit Fund.

Headquarters

- Approved \$458,000 (\$321,000 GF) to redirect existing, unfunded positions at DDS headquarters to address the community program workload associated with implementing selected recommendations made in the Health and Human Services Agency's "*Plan for the Future of Developmental Centers in California*" (see below).
- Approved 7.0 limited-term auditor positions to meet workload associated with vendor audits and the recovery of funds. Adopted supplemental reporting language to require annual reporting, beginning March 1, 2015, on the activities and outcomes related to audit activities and whistleblower complaints.
- Approved establishment of an existing limited-term CEA II position, responsible for directing and overseeing federal programs, as permanent.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)

- Approved \$75 million (Greenhouse Gas Reduction Fund) to assist in the installation of energy efficiency and renewable energy projects in low-income housing units.
- Approved remainder of budget as proposed.

5160 DEPARTMENT OF REHABILITATION (DOR)

- Approved \$10 million in federal budget authority, including six permanent, full-time positions, for the California PROMISE Initiative (CaPROMISE) federal grant, which begins October 1, 2013 to September 30, 2019. DOR will partner with five other state departments and 21 local educational agencies to coordinate services, direct outreach, recruitment, and involvement of, at a minimum, 3,078 14 to 16-year old SSI recipients and their families.
- Approved budget bill language to require the department to determine the appropriateness of maintaining funding for permanent positions for the California PROMISE grant in fiscal year 2019-20, or upon completion of the grant period, whichever is later.
- Approved \$500,000 for the Traumatic Brain Injury Fund from the Driver Training Penalty Assessment Fund.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

- Approved a shift, starting in the budget year and until FY 2016-17, in local assistance funding to state operations for \$11.95 million (\$4.06 million GF), and for position authority for 100 full-time permanent positions to replace 100 contract staff. The resources would continue the maintenance and operations of the federally-mandated California Child Support Automation System (CCSAS) Child Support Enforcement (CSE) system.
- Approved a request for a decrease of \$112,000 GF, which stems from the department receiving an additional \$112,000 in Federal Performance Basic Incentive Funds, due to a higher than originally forecasted level of performance.

5180 DEPARTMENT OF SOCIAL SERVICES (DSS)CalFresh

- Approved \$2.1 billion (\$1 billion federal and \$848 million GF) for CalFresh administration, including \$196.6 million (\$68.8 million GF) to reflect an increase in new CalFresh recipients due to Affordable Care Act implementation.

- Approved the creation of a state-funded energy assistance program, known as the State Utility Assistance Subsidy (SUAS) benefit, to comply with the mandates of the federal Farm Bill, effective July 1, 2014. This SUAS program would provide a \$20.01 payment annually to households that would receive additional CalFresh benefits. The budget includes \$11.8 million total costs (\$10.9 GF) under the new SUAS program. Of the approved \$11.8 million, the budget provides \$9.5 million in SUAS benefits to select households, \$0.4 million in one-time reprogramming for the Statewide Automated Welfare System, and \$1.9 million for administrative activities in the counties for notifications and tracking of eligible CalFresh and California Food Assistance Program households.
- Approved the additional following trailer bill language:
 - Approved a one-year extension of authority for counties to access CalFresh administration funding without requiring a county-fund match above and beyond an existing Maintenance of Effort requirement, and a four-year phase-out of the county match waiver.
 - Approved the increase of the modified categorical eligibility to 200 percent of the federal poverty level for all CalFresh households.

CalWORKs

- Approved \$5.96 billion (808 million GF) for CalWORKs, including assistance payments, services, administration, CalWORKs child care, and the Kin-GAP program. This includes:
 - \$46.6 million GF for a five percent increase, beginning April 1, 2015, to maximum CalWORKs grant levels. For future years, additional increases could be made on October 1 of each year, depending on the level of designated growth dollars that becomes available. The new level of these increases in any given year will form the following year's base level, with the General Fund providing a backstop should growth funds become insufficient to fund that base.
 - \$20 million GF for homeless and housing assistance for families.
 - \$9.1 million GF for drug felon eligibility.
- Approved trailer bill language that extended the Temporary Assistance Program's effective date from October 1, 2014 to October 1, 2016.
- Approved a decrease of \$175.1 GF to reflect a decrease in the estimated level of county indigent health savings associated with Medi-Cal expansion under health care reform. Pursuant to AB 85 (Budget Committee), Chapter 24, Statutes of 2013, county indigent health savings are redistributed to counties, via a redirection of 1991 health realignment funds, for CalWORKs expenditures, to offset General Fund costs in the program.

- Approved an increase of \$13 million GF to reflect a projected decrease in 1991 realignment revenue deposits to the Child Poverty and Family Supplemental Support Subaccount of the Local Revenue Fund.
- Approved a shift of \$175.3 million in FY 2013-14, and \$498.6 million in the budget year, for 84,000 CalWORKs cases with an unaided but federally work eligible adult, including Safety Net cases) from GF (counted toward the TANF MOE requirement) to non-MOE GF; and, adopted corresponding trailer bill language to effectuate the child-support pass-through policy.
- Approved trailer bill language to declare the intent of family stabilization as a voluntary activity intended to provide constructive interventions, with no intention that parents be sanctioned as part of the experience in the program.
- Rejected the Governor's proposed Parent-Child Engagement Pilot Demonstration Project.

Child Welfare Services

- Approved \$544,000 (\$362,000 GF) for five two-year limited-term general auditor positions to perform federal and state mandated fiscal audits of foster care providers, and to identify fiscal integrity issues that may arise as a result of changes in the rate-setting process within the Continuum of Care Reform (CCR).
- Created the Child Victims of Commercial Sexual Exploitation Program in the department and approved \$5 million GF, starting January 1, 2015, and \$14 million GF ongoing, for services to the child victims of commercial sexual exploitation to enable county child welfare agencies to serve victims of commercial sexual exploitation.
- Approved \$15 million GF in 2014-15 and \$30 million ongoing, for foster care payments to relative caregivers, and adopted corresponding trailer bill language.
- Approved seven positions, with budget bill language to authorize an increase in positions based on final county participation or a decrease in positions if the workload does not materialize, for the Title IV-E California Well-Being Waiver Project, as well as \$1,250,000 (\$625,000 GF) per year for the next five years to fund the evaluation of the project.
- Approved \$9.8 million to support the implementation of new statewide training for child welfare workers and supervisors including online-learning, field-based learning, and additional classroom learning, coaching, and mentoring. This request is part of a compliance plan resulting from the *Katie A. v. Bonta* settlement agreement.
- Approved \$3.6 million to integrate case record review, such as interview with the child, caseworkers, foster parents, and service providers, into the existing California Child and

Family Services Review System to comply with a federal requirement for a State Continuous Quality Improvement System.

- Adopted trailer bill language to do the following:
 - Change the state and tribal sharing ratios for the non-federal share of funding for tribal child welfare services, due to the availability of enhanced tribal Federal Medical Assistance Percentage (FMAP).
 - Increase group home staff minimum age requirements from 18 years old to 21 years old.
 - Require DSS to begin collecting data on county Child Welfare Services social worker's caseloads and to provide findings during the annual realignment report.

Community Care Licensing (CCL)

- Approved \$7.5 million (\$5.8 million GF) and 71.5 positions for quality enhancement and program improvement measures. The additional positions and resources seek to improve the timeliness of investigations; help to ensure the CCL Division inspects all licensed residential facilities at least once every five years, as statutorily required; increase staff training; and, establish clear fiscal, program, and corporate accountability.
- Approved trailer bill language for quality enhancement and program improvement to:
 - Increase application and annual fees by ten percent;
 - Require DSS, at least every five years, to analyze and determine whether the appropriate fee amounts are charged;
 - Establish an Emergency Client/Resident Contingency Account within the Technical Assistance Fund to be used for the care and relocation of clients and residents, when a facility's license is revoked or temporarily suspended. The funds in the account must cover costs, such as transportation expenses, expenses incurred in notifying family members, costs associated with providing continuous care and supervision.
- Approved redirection of funding, from local assistance to state operations, for 10.5 permanent positions to manage the return of licensing responsibilities of 1,752 family child care homes' from Sacramento County to DSS.
- Approved \$1,472,000 GF for vendor contract funding and ten positions (seven permanent; two one-year limited-term; and, one two-year limited-term) to establish, and maintain, the operational and administrative components of the Home Care Services Consumer Protection Act [AB 1217 (Lowenthal), Chapter 790, Statutes of 2013]. Initial funding to implement the program will be provided through a General Fund loan, which

will be repaid from fees paid by home care organizations and home care aides once the program is operational.

- Approved trailer bill language, containing the following provisions:
 - Deletes language that exempts specified individuals from registration requirements for home care aides, and expands the list of individuals and entities that are not considered home care aides or home care organizations.
 - Requires the chief executive officer, or another person serving in a similar capacity, in a home care organization, to consent to a background examination.
 - Prohibits the department from issuing a provisional license to any corporate home care organization applicant that has a member of the board of directors, executive director, or officer who is not eligible for licensure.
 - Revises license renewal requirements, including insurance and workers' compensation policies.
 - Revises a home care organization's licensure requirements to require proof of an employee dishonesty bond.
 - Authorizes the department to cease review on an application if it is determined that the home care applicant was previously issued a license and that license was revoked.
 - Requires home care organization licensees to report suspected or known dependent adult, elder, or child abuse to the department. Upon receipt of these reports, the department must cross-report the suspected or known abuse to local law enforcement and Adult Protective Services or Child Protective Services.
 - Authorizes home care organization applicants and home care aide applicants, who submit applications prior to January 1, 2016, to provide home care services without meeting the tuberculosis examination requirements, provided that those requirements are met by July 1, 2016.

Drought or Disaster Related Food Assistance

- Approved budget bill language to authorize up to \$20 million GF, upon approval by the Department of Finance, for the Drought Food Assistance Program (DFAP) to provide emergency food relief to drought impacted communities. Of this amount, \$15 million reflects a shift of funding authorized in SB 103 (Budget Committee), Chapter 2, Statutes of 2013, to 2014-15. The language also authorizes spending in excess of \$20 million, upon written notification to the Joint Legislative Budget Committee.

- Approved budget bill language to authorize an increase in GF and Federal Trust Fund expenditure authority for food stamp administrative costs in the event of a major disaster declaration by the President of the United States.

In-Home Supportive Services (IHSS)

- Approved \$7.3 billion for IHSS, including \$6.3 billion (\$2.2 billion GF) for services, \$5.3 million (\$2.7 million GF) for minimum wage impact, and \$507.9 million to reflect the services impact of the Affordable Care Act (ACA) on the IHSS program. Under the ACA, Medi-Cal eligibility was expanded to childless adults that meet income eligibility requirements. A portion of these newly-eligible Medi-Cal beneficiaries are projected to be eligible for and receive IHSS services.
- Rejected the Governor's proposal to restrict overtime and approved \$172.2 million GF in 2014-15 and \$354.4 million GF ongoing to pay overtime to providers who work in excess of 40 hours per week and for compensation for providers traveling between multiple recipients, wait time associated with medical accompaniment, and time spent on mandatory training.

Adult Protective Services

- Approved \$150,000 GF for one permanent position at the department.

State Hearings Division

- Approved \$9.8 million (\$1.3 million GF) in budget year; \$9.8 million (\$1.3 million GF) in FY 2015-16; 63 new limited-term positions; and, funding for two existing positions for the Affordable Care Act Care Act caseload.

Automation Projects

- Approved \$377.3 million (\$107.3 million GF) for automation projects including:
 - \$3.8 million (\$1.7 million GF) for the State Hearings Division: Appeals Case Management System;
 - \$330.8 million (\$96.7 million GF) for Statewide Automation Welfare System -- including, \$95.7 million (\$10.3 million GF) for the LEADER Replacement System.
- For automation projects pertaining to IHSS, approved \$81.8 million for the Case Management Information Payrolling System (CMIPS), including the following:
 - Six permanent positions to support the CMIPS II project in its maintenance and operations phase;

- Activities related to making the changes needed to reflect an increase in the state's minimum hourly wage;
 - Enhancements to accommodate IHSS recipients who are blind or visually impaired; and,
 - Three permanent and two, two-year limited-term positions to address unforeseen workload with the transition from the CMIPS Legacy system to CMIPS II.
- For automation projects pertaining to Child Welfare Services:
 - Approved \$4.4 million GF to support the development of the Child Welfare Services- New System Project (CWS-NS) to replace the CWS/Case Management System;
 - Approved seven permanent positions, and a five-year extension for nine existing two-year limited-term positions for the CWS-NS, with budget bill language to ask Department of Finance and Department of Technology to review the appropriateness of maintaining these positions upon completion of system implementation activities; and,
 - Approved supplemental reporting language to require DSS and OSI to provide monthly updates to the Legislature and the stakeholders regarding CWS-NS Project's development and implementation, including vacancy rate, challenges recruiting and retaining staff, challenges with procurement, and other issues.

Please see related automation under OSI above.

Human Services Budget Trailer Bills

1. *Social Services Omnibus – SB 855 (Budget and Fiscal Review) Chapter 29; Statutes of 2014.*
2. *Developmental Services Omnibus – SB 856 (Budget and Fiscal Review) Chapter 30; Statutes of 2014.*

SUBCOMMITTEE 4
ON
STATE ADMINISTRATION
AND
GENERAL GOVERNMENT
FINAL ACTION REPORT

Senate Budget and Fiscal Review Committee

Members

Richard D. Roth, Chair
Tom Berryhill
Norma Torres

Consultants

Mark Ibele
Farra Bracht
Brady Van Engelen

SUBCOMMITTEE No. 4

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STATE ADMINISTRATION

0650 OFFICE OF PLANNING AND RESEARCH (OPR)

- Approved the shift of the Strategic Growth Council (SGC) from the Natural Resources Agency to the OPR. Approved funding for six positions at SGC from the Greenhouse Gas Reduction Fund (cap-and-trade funds).
- Approved \$130 million (cap-and-trade) funds to support the implementation of sustainable communities strategies as required by SB 375 (Steinberg), Chapter 728, Statutes of 2008. The SGC will coordinate this program. Projects that benefit disadvantaged communities will be given priority. Projects will reduce greenhouse gas (GHG) emissions by increasing transit ridership, active transportation, affordable housing near transit stations, preservation of agricultural land, and local planning to promote infill.
- Approved a \$5 million GF appropriation for support of the 2015 Special Olympics, which will be hosted by the city of Los Angeles.
- Approved a \$3 million GF appropriation to the Office of Planning and Research to support the use of genomics, computer science, and other devices to treat medicine.

Trailer Bill Language

- Adopted trailer bill language (TBL) to establish the Transit, Affordable Housing, and Sustainable Communities Program to reduce GHG emissions. This is a competitive grant program administered by SGC. The TBL provides a continuous appropriation of 35 percent of the cap-and-trade funds for investments in transit, affordable housing, and sustainable communities. The SGC will develop program guidelines, in consultation with the Air Resources Board, using a public process in coordination with metropolitan planning organizations. Fifty percent of all funding will benefit disadvantaged communities.

0690 OFFICE OF EMERGENCY SERVICES

- Approved \$4.4 million GF, on a one-time basis, to support local assistance drought response efforts.

- Approved \$2.683 million GF to support the planning phase of the relocation of the Red Mountain Communication Site in 2014-15.
- Approved the transfer of an additional 17.3 positions in temporary help, and 25 permanent positions, to support Public Safety Communications Office (PSCO), which was transferred to the Office of Emergency Services as part of the 2013-14 budget.
- Approved \$1.8 million in local assistance from the Victim-Witness Assistance Fund for to support the Victim Identification Notification Everyday (VINE) program.

Trailer Bill Language

- Adopted trailer bill language clarifying that the use of the Victim-Witness Assistance Fund may be utilized for any purpose that supports victims.

0840 STATE CONTROLLER (SCO)

- Approved 5.0 positions and \$6.529 million (\$3.59 million GF, \$1.265 million Reimbursement Authority, and \$1.674 million Special Fund) to support ongoing legal costs associated with the 21st Century Project.
- Approved \$3.482 million (\$797,000 GF, \$1.692 million reimbursements and \$993,000 Special Fund) in 2014-15 through 2017-18, to continue funding a contract with Integrated Data Management System (IDMS) technology services, which supports software that the State Controller utilizes for a variety of business functions.
- Approved 15.0 five-year limited-term positions, and \$1.356 million (\$759,000 GF and \$597,000 Special Fund), from 2014-15 through 2018-19, to address the increased workload generated by the implementation of the California Public Employees Retirement System (CalPERS) Pension System Resumption (PSR) Project.
- Approved the continuation of 2.1 two-year limited-term positions, and \$217,000 (\$122,000 GF and \$95,000 Central Service Cost Recovery Fund) in 2014-15 and 2015-16, to address the statewide cash management workload.
- Approved 16 two-year limited-term positions, and \$2.095 million (Unclaimed Property Fund), to detect and prevent fraudulent unclaimed property claims.
- Approved 11.0 permanent positions and \$1.117 million (Unclaimed Property Fund), to address life insurance companies' compliance with state unclaimed property regulations.

- Approved 23.0 permanent positions, and \$2.475 million (Unclaimed Property Fund), to support the SCO's holder compliance program on a permanent basis.
- Approved 23.1 three-year limited-term positions, and \$1.999 million (Unclaimed Property Fund) to manage the securities portfolio in accordance with statute.
- Approved \$1.159 million in reimbursement authority, and 9.0 three-year limited-term positions, to provide oversight of local government entities.
- Approved request for four two-year limited-term positions and \$390,000 (\$218,000 GF and \$172,000 in special funds), to meet statewide demand for payroll, personnel, and disability training programs for human resources staff.
- Approved request for 3.2 two-year limited-term positions, and \$328,000 (\$184,000 GF and \$144,000 Special Fund), to support workload associated with the California Public Employees' Pension Reform Act (PEPRA) and the Federal Patient Protection and Affordable Care Act (ACA).

Trailer Bill Language

- Adopted trailer bill language to extend the Controller's authority to procure, modify, and implement the 21st Century Project, a human resource management system, until June 30, 2015.

0845 DEPARTMENT OF INSURANCE

- Approved an increase of special fund authority of \$163,000 (Insurance Fund), and 1.5 positions to support implementation activities of AB 922 (Monning), Chapter 552, Statutes of 2011, which requires the Department of Insurance to support the Office of the Patient Advocate's consumer response and awareness efforts.
- Approved \$491,000 (Insurance Fund) and four positions to address increased workload associated with changes made to the insurance reserving methodology.
- Approved \$1.01 million (Insurance Fund) in expenditure authority, and 9.0 positions, to address the workload associated with AB2 X1 (Pan), Chapter 1, Statutes of 2013, which conforms California Insurance Code to federal guidelines.
- Approved an increase of \$370,000 (Insurance Fund) in expenditure authority, and 3.0 positions, to support the implementation of SB 281 (Calderon), Chapter 345, Statutes of 2013, which addresses regulations related to accelerated death benefits.

- Approved an increase in expenditure authority from the Insurance Fund of \$773,000, and 5.0 three-year limited-term positions, to support the implementation of SB 251 (Calderon), Chapter 369, Statutes of 2013, which authorizes the electronic transmission of certain insurance documents.
- Approved request for a one-time augmentation of \$76,000 (Insurance Fund) to comply with provisions of SB 161 (Hernandez), Chapter 443, Statutes of 2013, which established regulatory requirements for stop-loss insurance for small businesses.
- Approved an increase of \$555,000 in expenditure authority (Insurance Fund), and five three-year limited-term positions to support the California Organized Investment Network (COIN) program.

Budget Bill Language

- Approved an augmentation of \$749,000 (Insurance Fund) for the Department of Insurance to implement federal mental health parity regulations. *This item was vetoed.*

0890 SECRETARY OF STATE

- Approved an augmentation of \$1.436 million (\$852,000 GF and \$584,000 Special Fund) to address the level of funding required in the current building rental agreement.
- Approved an augmentation of 1.0 personnel years, and \$432,000 (GF), to transfer the California Records and Information Management (CalRIM) program and its three Records Analyst positions from the Department of General Services to the Secretary of State's Office.
- Approved an augmentation of \$4.59 million (\$4.092 million Business Fees Fund and \$0.5 million Business Programs Modernization Fund) for the continuation of the Business Connect Project.
- Approved an increase of \$14.8 million (Federal Trust Fund) expenditure authority to continue the development of a statewide voter registration database.
- Approved an increase of \$5.105 million (Federal Trust Fund) spending authority for the continued implementation of the Help America Vote Act of 2002.
- Approved the suspension of three elections-related local mandates, totaling a General Fund savings of \$10.6 million in 2013-14.

Trailer Bill Language

- Adopted trailer bill language that transfers authority for the management of state records from the Department of General Services to the Secretary of State.

0911 CITIZEN'S REDISTRICTING COMMISSION

- Approved a request for \$14,000 GF to maintain Citizen's Redistricting Commission's record storage.

0950 STATE TREASURER AND BOARDS AND COMMISSIONS

- Approved \$1.1 million in expenditure and reimbursement authority, from the interest on undisbursed bond proceeds, to continue the implementation of the debt management system for the state that was originally authorized in the 2013-14 Budget Act. Funding will support staffing, payment to the California Technology Agency for oversight, and a private contractor.
- Adopted an expenditure augmentation of \$300,000 for travel costs and to contract out for the collection of demographic data. In addition, increased reimbursement and expenditure authority by \$50,000 for fees collected from compliance training workshops provided by California Tax Credit Allocation Committee. (Item 0968)
- Approved a \$10 million re-appropriation for the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to allow for the development of a loss reserve fund to provide credit enhancements for the financing of home energy efficiency projects and energy upgrades. The program is part of the residential Property Assessed Clean Energy (PACE) program.
- Approved \$4.4 million, over two years, to allow CAEATFA to serve as the administrator of investor-owned utility (IOU) ratepayer funds for the California Hub for Energy Efficiency Financing. Overall funding for the pilot program would use \$65.9 million from IOU ratepayer funds. (Item 0971)
- Approved the re-appropriation of the remainder of the \$1.0 million (estimated to be \$750,000) in expenditure authority included in the Budget Act of 2013. These funds would allow for a study of the market alternatives of a private pension plan consistent, with SB 1234 (de Leon), Chapter 734, Statutes of 2012, for the California Secure Choice Retirement Savings Investment Board (CSCRSIB). Also, adopted budget bill language allowing for additional expenditure authority for this study. (Item 0984)

- Approved \$167,000 GF to provide two additional positions and upgrade an existing position to administer the Charter School Facility Grant Program, which was transferred from the Department of Education to the California School Finance Authority (CSFA) last year. (Item 0985)

Budget Bill Language

- Approved expenditure authority based on the receipt of non-profit, private, or federal funding to do a market feasibility study for the CSCRSIB.

Trailer Bill Language

- The Local Agency Investment Fund, operated by the State Treasurer, allows agencies to invest funds not needed for immediate purposes. As a result of low-interest rates, the earnings used to pay for administering the fund are inadequate to cover administrative costs. This language increases the maximum amount of earnings that may be used to cover these costs when certain conditions exist.

1110/1111 DEPARTMENT OF CONSUMER AFFAIRS (DCA)

- Approved transfer of 5.0 permanent positions, and \$418,000, from the Bureau of Real Estate to the Department of Consumer Affairs in accordance with the Governor's Reorganization Plan No. 2.
- Approved 1.0 permanent position within the California Board of Accountancy to support enhanced licensure requirements that began on January 1, 2014.
- Approved 3.0 permanent positions, and \$280,000 (Acupuncture Fund), for increased workload within the Acupuncture Board.
- Approved a two-year limited-term 0.5 position and \$47,000 (Athletic Commission Fund) for the State Athletic Commission. The requested position will meet the legislative requirements of SB 309 (Lieu), Chapter 370, Statutes of 2013, which requires a licensed professional trainer to certify participant readiness.
- Approved 4.5 permanent positions, and \$430,000 (Behavioral Science Examiners Fund), to address an increased workload within the Board of Behavioral Sciences.
- Approved 3.0 positions, and \$218,000 (Behavioral Science Examiners Fund), and 2.0 permanent positions, which will increase the Board of Behavioral Science's capacity to process

licensing applications for licensed marriage and family therapist applicants, and for family therapist intern evaluators.

- Approved 4.0 permanent positions within the Contractors' State License Board (CSLB) to address enforcement workload. The costs associated with the requested positions will be absorbed by the CSLB.
- Approved positional authority for 0.5 limited-term position within the Dental Board of California, for three years to implement provisions of SB 562 (Galgiani), Chapter 624, Statutes of 2013, which among other things, addressed registration requirements for mobile or portable dental clinics.
- Approved \$13,000 (Licensed Midwifery Fund) in expenditure authority, ongoing, for the California Medical Board's Licensed Midwifery Program. The expenditure authority will be used to reimburse the Medical Board for services provided.
- Approved 1.0 three-year limited-term position, and \$109,000 (Naturopathic Doctor's Fund), to address workload associated with enforcement within the Naturopathic Medicine Committee.
- Approved a request for 3.0 permanent positions within the Osteopathic Medical Board to address workload associated with licensing and enforcement, funding required to support the positions will be absorbed by the Osteopathic Medical Board.
- Approved an augmentation of \$91,000 for the Physical Therapy Board and a 1.0 two-year limited-term position to support increased workload requirements associated with the implementation of SB 198 (Lieu), Chapter 389, Statutes of 2013, which, among other things, reorganizes and clarifies provisions within the Physical Therapy Practice Act.
- Approved an ongoing increase in expenditure authority of \$189,000 (Physical Therapy Fund), and 2.0 permanent positions within the Physical Therapy Board to address ongoing enforcement efforts.
- Approved 3.0 permanent positions within the Board of Psychology to address an increasing workload. Costs associated with the 3.0 additional positions will be absorbed by the Board of Psychology.
- Approved 1.0 permanent position, and \$104,000 (Respiratory Care Fund), to address workload associated with the Respiratory Care Board's enforcement efforts.

- Approved an increase of 1.5 positions and \$102,000 (Electronic and Appliance Repair Fund) in expenditure authority for the Bureau of Electronic & Appliance Repair, Home Furnishings and Thermal Insulation to address increased workload.
- Approved \$80,000 and 1.0 position within the Professional Fiduciaries Bureau to address an increasing workload.
- Approved 2.0 permanent positions and 5.0 two-year limited-term positions, and \$677,000 (Veterinary Medical Board Contingent Fund), to support the Veterinary Medical Board's implementation of SB 304 (Lieu), Chapter 515, Statutes of 2013. SB 304, among other things, requires the board to make every effort to inspect at least 20 percent of veterinary premises on an annual basis.
- Approved 2.5 permanent positions and 1.5 two-year limited-term positions, and an increase in expenditure authority for the Veterinary Medical Board of \$348,000 (Veterinary Medical Board Contingent Fund), to support enforcement.
- Approved an augmentation of \$11.84 million (Special Fund) in additional funding for continued support of the DCA's automated licensing and enforcement system - BreEZe.
- Approved an increase of expenditure authority for the California Board of Accountancy of \$940,000 (Accountancy Fund) to address a backlog in peer reviews and investigations.
- Approved 6.0 three-year limited-term positions, 3.0 two-year limited-term positions, and a budget augmentation of \$923,000 (Accountancy Fund) to address the increased workload associated with mandatory fingerprinting requirements.
- Approved 2.0 positions and \$361,000 (Athletic Commission Fund) for the State Athletic Commission to align the commission with recommendations made by the Legislature and the Bureau of State Audits, which have both raised concerns regarding the lack of staffing levels within the commission.
- Approved a one-time transfer of 116.0 positions within the California Medical Board and \$15.5 million in expenditure authority to the Division of Investigation – Health Quality Investigation Unit in FY 2014-15 in order to implement SB 304 (Lieu), Chapter 515, Statutes of 2013. SB 304, among other things, transferred inspectors from the Medical Board of California to the Division of Investigation (DOI) within the Department of Consumer Affairs.
- Approved 8.0 three-year, limited-term positions and \$1.3 million (Pharmacy Board Contingency Fund) to increase prescription drug monitoring and prescription enforcement efforts of the California State Board of Pharmacy.

- Approved 2.0 permanent positions and \$185,000 (Pharmacy Board Contingency Fund) to increased workload requirements of the California Board of Pharmacy.
- Approved 3.0 three-year limited-term positions and \$390,000 (Pharmacy Board Contingency Fund) to implement the provisions of SB 493 (Hernandez), Chapter 469, Statutes of 2013. SB 493, among other things, created an “Advanced Practice Pharmacist” designation to be recognized by the board, which allows for a pharmacist to perform certain health care services.
- Approved 7.0 three-year limited-term positions and \$1.264 million (Pharmacy Board Contingency Fund) to support the provisions set forth in SB 294 (Emmerson), Chapter 565, Statutes of 2013. SB 294, among other things, expands the types of compounded drugs for which a license is required. Additionally, the bill specifies that both resident and non-resident sterile compounding pharmacies must be licensed by the board, and all licensed pharmacies are subject to an inspection.
- Approved a request for a \$2.5 million increase in the Board of Registered Nursing’s (BRN) Attorney General (AG) expenditure authority, and a \$200,000 (Board of Registered Nursing Fund) increase in the BRN’s Office of Administrative Hearings expenditure authority to address an increased legal workload.
- Approved a request that Attorney General expenditure authority for the Court Reporters Board be increased by \$80,000 (Special Fund) on a one-time basis in order to address a backlog of enforcement cases pending Attorney General support.
- Approved a request to augment the Bureau of Security and Investigative Services Attorney General expenditure authority by \$600,000 (special fund) to address a backlog of enforcement cases pending Attorney General support.
- Approved a request to augment the Physical Therapy Board’s AG expenditure authority by \$142,000 (special fund) to address a backlog of enforcement cases pending AG support.
- Approved request for 11.0 three-year limited-term positions to address a growing backlog in the number of enforcement cases within the Bureau of Private Postsecondary Education. The request included an increase in expenditure authority for the bureau of \$1.292 million (Private Postsecondary Education Fund).
- Approved a request for 28.0 positions and \$2.522 million (Board of Registered Nursing Fund) to support the Board of Registered Nursing’s enforcement workload.

- Approved a request for an augmentation of \$40.372 million (Enhanced Fleet Modernization Subaccount, High Polluter Repair or Removal Account) and 9.0 permanent positions for the Bureau of Automotive Repair's administration of the Enhanced Fleet Modernization Program (EFMP), which was authorized by AB 118 (Nunez), Chapter 750, Statutes of 2007.

1690 SEISMIC SAFETY COMMISSION

Trailer Bill Language

- Adopted trailer bill language clarifying that assessment on renter's insurance policies shall be made, as well as policies covering contents, in order to be consistent with the original intent of the assessment that was established in AB 98 (Committee on Budget), Chapter 27, Statutes of 2013.

1701 DEPARTMENT OF BUSINESS OVERSIGHT

- Approved a request for a one-time augmentation of \$500,000 (State Corporations Fund) to provide foreclosure prevention and recovery education in regions of the state that have been most impacted.
- Approved a request for 36.0 positions and an increase of expenditure authority of \$7.9 million (State Corporations Fund) for the Department of Business Oversight (DBO) to implement the provisions of SB 538 (Hill), Chapter 335, Statutes of 2013, which improved the examination process for broker-dealer and investment adviser representatives.

2100 ALCOHOLIC BEVERAGE CONTROL

- Approved 1.0 position on a two-year, limited-term basis, and \$99,000 (Special Fund), to implement AB 636 (Hall), Chapter 329, Statutes of 2013, which permits a winegrower, California winegrower's agent, importer, or other specified parties appearing at an instructional event, to provide autographs to consumers or consumer advertising specialties given by the person to a consumer or on any item provided by a consumer.
- Approved a request for 1.0 position on a two-year limited-term basis and \$99,000 (Special Fund) in 2014-15, to implement AB 1116 (Hall), Chapter 461, Statutes of 2013. AB 1116 expands an existing provision of law that permits certain alcoholic beverage producers to hold private, free-of-charge, invitational-only promotional events, with entertainment, food and

beverages, for a limited number of consumers over 21 years of age, and subject to specified conditions.

- Increased Department of Alcohol and Beverage Control budget by \$1.0 million (Alcohol Beverages Control Fund) and increased positional authority of the department by 10.0 positions.

2120 ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD

- Approved as budgeted.

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- Approved the request to transfer support costs associated with administering the Rental Housing Construction Program from the Rental Housing Construction Fund (0938) to the Rental Housing Rehabilitation Fund (0929). This action resulted in a reduction of \$1.141 million in the Rental Housing Construction Fund (0938) which was transferred to the Rental Housing Rehabilitation Fund (0929), and a reduction of 2.0 positions and \$225,000.
- Approved a request for \$1.515 million GF for repayment purposes, 9.0 three-year limited-term positions, and \$971,000 GF, to address backlog and additional workload requirements stemming from additional federal regulations, and a reduction of \$1.426 million in Local Assistance for three years.
- Approved a request to increase the baseline budget for the Department of Housing and Community Development by \$87.5 million to fund awards under the Proposition 1C Housing Related Parks Program.
- Approved a request of additional resources to support Proposition 41. Specifically, this request included: \$1.231 million in state operations to fund nine positions and one existing position. \$75 million in Local Assistance to provide expenditure authority for Proposition 41 programs, and a reduction of \$146,000 and one position in state operation expenditures from the Proposition 1C Multi-Family Housing Program.
- Approved \$100 million GF to support multifamily housing programs that were previously supported by bond proceeds. \$50 million was directed to the Multifamily Housing Program, which supports the construction, rehabilitation, and acquisition of rental housing, and \$50 million to the Multifamily Housing Program – Supportive Housing, which performs a similar function to the Multifamily Housing Program, but has an emphasis on supporting individuals that are either homeless or very low-income.

Trailer Bill Language

- Adopted trailer bill language that identifies the Department of Housing and Community Development as an eligible recipient of up to \$11 million in Proposition 1C funding, for the rehabilitation and deferred maintenance of state-owned migrant centers through the Office of Migrant Services.
- Adopted trailer bill language abolishing the California Housing Trust Fund, and transfers the remaining balance, assets, liabilities, and encumbrances to the Housing Rehabilitation Loan Fund. This bill also abolishes the School Facilities Fee Assistance Fund, and designates the General Fund as the successor fund for any loan repayments. Both of the abolished funds are administered by the Department of Housing and Community Development.

7502 DEPARTMENT OF TECHNOLOGY

- Approved a request totaling \$35.878 million (Technology Services Revolving Fund) to address capacity increases in the customer service areas of the Vacaville and Gold Camp Data Centers.
- Approved a request for \$2.987 million (Technology Services Revolving Fund) to provide state departments with a cost-effective, “cloud” based environment to be established and managed by the Department of Technology.
- Approved a request for 2.0 positions and \$208,000 to form the initial elements of the Statewide Project Management Office within the Department of Technology.
- Approved a technical adjustment to align previously approved budget actions with ongoing costs related to prior year capacity budget requests for the Department of Technology, which amounts to a net reduction of \$25.791 million in 2013-14, and a net reduction of \$26.849 million in 2014-15.
- Approved a request to reduce the Department of Technology’s budget authority by \$103,000 to replace contractor staff with two permanent civil service staff to support the Secured File Transfer Shared Service.
- Approved a request of \$684,000 (Technology Services Revolving Fund) in budget authority and five limited-term positions to staff a two-year pilot project within the Office of Information Security (OIS).

- Approved a request to increase the Department of Technology's budget authority by \$6.68 million (Technology Services Revolving Fund) in order to increase the heating and cooling capacity at the Gold Camp Data Center.

Trailer Bill Language

- Adopted trailer bill language that repeals the January 1, 2015, sunset date of the Department of Technology.
- Adopted trailer bill language that authorizes the Department of Technology to require and collect monthly payments for services provided to client agencies.

7760 DEPARTMENT OF GENERAL SERVICES

- Approved a request for a one-time increase in the Service Revolving Fund expenditure authority of \$5.4 million so the Department of General Services can implement water efficiency and conservation measures.
- Approved a request to shift \$560,000 in 2006 State School Facilities expenditure authority approved in FY 2015-16 to FY 2014-15, and \$594,000 approved in FY 2017-18 to FY 2016-17 to accelerate, by one fiscal year, bond authority used to fund oversight of the Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D) by the Department of Finance.
- Approved a request to transfer \$83,000 from the School Deferred Maintenance Fund to the School Facilities Emergency Repair Account in order to fund operational costs associated with the School Facilities Emergency Repair Program.
- Approved a request of \$5.4 million (State School Site Utilization Fund) that will support ongoing operations of the Office of Public School Construction.
- Approved a request to eliminate the Office of State Publishing's (OSP) Video Multimedia Center by June 30, 2015, this elimination resulted in savings of \$464,000.
- Approved a request of \$153,000 (Building Standards Revolving Fund) and 1.0 two-year limited-term position, within the California Building Standards Commission (CBSC) to support ongoing workload.
- Approved a request to move the existing Natural Gas Services Program, under the newly-created Natural Gas Services Program Fund, which represents a shift of funding source from the

Service Revolving Fund to the Natural Gas Services Program Fund in the amount of \$248,979,000 for the purchase of natural gas, and \$1,203,000 for the support of four existing program positions.

- Approved a request for a decrease of \$432,000 (\$259,000 General Fund and \$173,000 special funds) and 3.0 positions, to reflect the transfer of the California Records Information Management Program to the Secretary of State.
- Approved request to increase DGS expenditure authority by \$232,000 (Special Fund), and 2.0 permanent positions, to implement the GS Smart program.
- Approved a request for an augmentation of \$373,000 expenditure authority (\$174,000 Service Revolving Fund and \$199,000 Reimbursement) and 3.0 positions; to provide fiscal and information technology services to the newly-established Government Operations Agency and Business, Consumer Services and Housing Agency.
- Approved a request for a one-time augmentation to the Property Acquisition Law Money Account (PAL) totaling \$1.506 million, and a loan from the GF totaling \$1.506 million for 2014-15 to support DGS property disposition efforts.
- Approved a request for a one-time GF augmentation of \$3.7 million in 2014-15, to fund preliminary work related to site remediation for state-owned property located at 1419 16th Street, Sacramento.
- Approved a request for an increase in expenditure authority of \$199,000 for the Service Revolving Fund in 2014-15, \$195,000 in 2015-16, and 2.0 positions on a two-year limited-term basis to expand the Equipment Maintenance Management Insurance Program.
- Approved a request for an augmentation of \$1.8 million from the Service Revolving Fund and 19.0 positions beginning in 2014-15, for the Office of Administrative Hearings (OAH).
- Approved a request to increase DGS expenditure authority by \$393,000 (Service Revolving Fund) in 2014-15 and \$319,000 in FY 2015-16, and ongoing, and 2.0 permanent positions, in order to implement the provisions of AB 744 (Perez), Chapter 463, Statutes of 2012. AB 744, among other things, requires the DGS to carry out various powers and duties relating to assisting a state agency in the management and development of intellectual property developed by state employees or with state funding, including, among other duties, developing a database of state-owned intellectual property using specified data, starting January 1, 2015.

- Approved a request for reimbursement authority of \$1.0 million in 2014-15, and \$600,000 in 2015-16 for the Department of General Services Executive Office of Sustainability in order to install electric vehicle supply equipment in DGS' parking facilities statewide.
- Approved a request for \$492,000 GF in 2013-14 and \$582,000 for 2014-15, to support legal fees related to the Sale Leaseback Initiative.
- Approved a request for \$2.5 million GF for the development of a long-range planning study for the Sacramento Region to determine and address the infrastructure deficiencies and space needs within the region. The study by the Department of General Services will be used to develop detailed cost and scope information for future budget proposals.

Trailer Bill Language

- Adopted trailer bill language that transfers unencumbered funds within the State School Deferred Maintenance Fund to the State School Utilization Fund for the administration of the Leroy F. Greene School Facilities Act of 1998.

7870 VICTIMS COMPENSATION AND GOVERNMENT CLAIMS BOARD

Trailer Bill Language

- Approved trailer bill language that will make the Trauma Recovery Center grant program, administered by the Victims Compensation and Government Claims Board, permanent.
- Adopted trailer bill language that clarifies that the court, for purposes of those provisions governing binding factual allegations and express factual findings, is defined as either state or federal court.

8260 CALIFORNIA ARTS COUNCIL

- Appropriated \$5 million GF on a one-time basis to support the California Arts Council.

8385 CITIZENS COMPENSATION COMMISSION

- Approved as budgeted.

8620 FAIR POLITICAL PRACTICES COMMISSION (FPPC)

- Approved as budgeted

8640 POLITICAL REFORM ACT OF 1974

- Approved as budgeted.

8780 MILTON MARKS “LITTLE HOOVER” COMMISSION

- Approved as budgeted.

8790 CALIFORNIA COMMISSION ON DISABILITY ACCESS

- Approved a request for an augmentation of \$95,000 of GF support and for one position to address workload associated with the implementation of SB 1186 (Steinberg and Dutton), Chapter 383, Statutes of 2012. SB 1186 modified state disability access laws to encourage greater compliance and reduce disability-related litigation as budgeted.

8820 COMMISSION ON THE STATUS OF WOMEN AND GIRLS

- Appropriated \$200,000 General Fund to the Commission on the Status of Women to ensure the continued operation of the commission. The funds are only available in the event that no other funds are available.

8830 CALIFORNIA LAW REVISION COMMISSION

- Approved an additional \$50,000 in reimbursement authority to address an increased workload.
- Approved an ongoing increase of \$62,000 in reimbursement authority to cover salary and benefits associated with 0.5 positions to address workload associated with Legislative requirements.

8840 COMMISSION ON UNIFORM STATE LAWS

- Approved as budgeted.

8855 BUREAU OF STATE AUDITS

- Approved as budgeted.

8860 DEPARTMENT OF FINANCE

- Approved as budgeted.

8880 FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA (FI\$CAL)

- Approved \$4.3 million for 2014-15 to replace the Department of General Services Activity Based Management System (ABMS) and convert DGS from partially deferred to a FI\$Cal Wave 2 department.

Trailer Bill Language

- Adopted trailer bill language that clarifies that the Department of Finance, the Controller, the Treasurer, and the Department of General Services are to collaboratively develop, implement, and maintain, the Financial Information System of California (FI\$Cal) to be used upon full implementation by all state departments and agencies.
- Adopted trailer bill language that creates a FI\$Cal Consolidated Payment Fund for the distribution of consolidated payments to payees that would have otherwise been appropriated through the State Treasury.
- Adopted trailer bill language that requires that a background check be conducted on all individuals that are employees, prospective employees, subcontractors, volunteers, or vendors, prior to working within specific offices of the FI\$Cal service center.

8910 OFFICE OF ADMINISTRATIVE LAW

- Approved as budgeted

8940 MILITARY DEPARTMENT

- Approved a request for an increase of \$519,000 in Federal Trust Fund authority and an additional seven positions for the California Military Department. The funding and positions support the California Military Department's Environmental Programs Directorate that ensure environmental requirements mandated by federal and state law are being adhered to by the Military Department and its partners.
- Approved a request for an increase of 46 positions within the California Military Department in order to provide security at California Military Department installations and airfields.
- Approved a request to augment the Military Department's budget by \$615,000 (\$256,000 General Fund and \$359,000 Federal Trust Fund) to cover the estimated State Active Duty employee compensation increases.
- Approved \$884,000 (Technology Service Revolving Fund) to develop and implement the Computer Network Defense Team, which is designed to repel cyber-attacks on state networks.
- Appropriated \$1.5 million GF to expand the National Guard's Youth Challenge Program to San Joaquin County.
- Approved a request for a redirection of \$500,000 GF and 3.0 positions to support the California Cadet Corps Program.

Trailer Bill Language

- Approved trailer bill language that will redirect the current direct appropriation to the private non-profit California Military Museum Foundation (Foundation) annual \$100,000 GF appropriation to the California Military Department (CMD).

8955 DEPARTMENT OF VETERANS AFFAIRS

- Approved \$114,000 GF and 3.0 positions to convert contracted landscaping functions at the Veterans Home of California, Chula Vista civil service positions.
- Approved a one-time reduction of \$17.202 million GF in Fiscal Year 2013-14, and a reduction of \$16.883 million GF in Fiscal Year 2014-15. The reduction is due to the continued delay of the skilled nursing facility at the West Los Angeles Veterans Home, just-in-time hiring utilized at the Redding and Fresno veterans homes, and the delay of the opening in the community-based adult services facilities at Lancaster and Ventura.

- Appropriated \$3.0 million GF to the California Department of Veterans Affairs in order to augment the County Veterans Service Officers budget, on a one-time basis.
- Approved an augmentation of \$8.19 million GF, and 133.2 personnel years, to complete staffing ramp-up and admission of residents at the Veterans Home of California, Redding and the Veterans Home of California, Fresno.
- Approved an additional \$2.068 million GF support and an increase of 43 positions, to assist with veterans' claims, food service operations, and security staff located at the veterans homes.
- Approved \$52,000 GF, and one position for a County Subvention Program Auditor and Database Coordinator.
- Approved a \$10,000 augmentation of the Northern California Veterans Cemetery Perpetual Maintenance Fund for operational and maintenance purposes.
- Approved \$96,000 GF, and two permanent positions, to investigate claims of elder abuse, hostile work environment complaints, and other miscellaneous employment related matters.
- Approved expenditure authority of \$8.217 million (\$1.42 million Central Coast State Veterans' Cemetery at Fort Ord Operations Fund and \$6.797 million Federal Trust Fund Authority), to begin construction of the Central Coast State Veterans Cemetery at Ford Ord.

CONTROL SECTIONS

CS 6.10 FUNDING FOR DEFERRED MAINTENANCE PROJECTS

- Approved \$200 million General Fund for deferred maintenance projects in various state departments. (However, California State University and the University of California may use these funds for any one-time purpose, in addition to deferred maintenance.) These funds (or a proportionate share of funds) will be provided for deferred maintenance projects if the property tax revenues that count towards Proposition 98 for the 2013-14 fiscal year, as certified on July 2, 2014, are equal to, or exceed, the Administration's May Revision estimate by \$200 million. These funds are available for the following departments:

California State University	\$50,000,000
University of California	\$50,000,000
Department of Parks and Recreation	\$40,000,000
Department of Corrections and Rehabilitation	\$20,000,000

Department of Developmental Services	\$10,000,000
Department of State Hospitals	\$10,000,000
Department of General Services	\$7,000,000
State Special Schools	\$5,000,000
California Military Department	\$3,000,000
Department of Forestry and Fire Protection	\$3,000,000
Department of Food and Agriculture	\$2,000,000

CS 11.00 INFORMATION TECHNOLOGY PROJECTS

- Amended Control Section (CS) 11.00 which is utilized to address significant scope and cost changes in information technology projects. The amendments address notification requirements to account for significant changes in scope and cost in state information technology projects.

State Administration Trailer Bills

1. *State Government and Administration - SB 854 (Budget and Fiscal Review) Chapter 28; Statutes of 2014.*

TAX ADMINISTRATION, LOCAL GOVERNMENT AND ECONOMIC DEVELOPMENT

0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

- Approved three additional positions, and \$500,000 GF in one-time funding for the Governor's Office of Business and Economic Development (GO-Biz) to meet the requirements of SB 12 (Corbett), Chapter 541, Statutes of 2013, which created a labeling program in California and makes it illegal for products to be represented as "Made in California" unless the product is substantially made within the state.
- Provided for ten limited-term positions, \$965,000 in on-going funding, and \$30,000 in one-time funding (GF) for activities associated with the GO-Biz tax credit programs. The new positions would represent a full ramp-up in the administrative staffing for the program. The activities of the proposed staff will include a detailed examination and analysis of applications for the tax credits, including employment and income impacts, type, size and duration of investment, nature of business activities, socio-economic characteristics of business location, other incentives available in California and other states, opportunities for future business growth, overall economic impact, and anticipated net benefits to the state.
- Approved reimbursement authority for GO-Biz by \$150,000 in 2014-15, and \$50,000 in 2015-16, and an increase of one two-year limited-term position, to support efforts to achieve federal and state air quality emission standards. The approval will assist projects designed to develop and oversee a high level stakeholder working-group dedicated to developing zero emission vehicle fueling and charging stations throughout the state.
- Provided \$251,000 GF for 2014-15, and \$277,000 GF ongoing, and four positions, to provide administrative support to GO-Biz. Due to the Governor's Reorganization Plan No. 2, GO-Biz has absorbed additional functions.
- Approved a one-time increase of \$2.0 million (GF) to support GO-Biz's efforts to draw down federal funds that will be made available to the Small Business Development Centers (SBDC) located throughout the state. SBDCs provide training to small business owners, and provide counseling to help small businesses to overcome obstacles that may limit growth. California's SBDC network has the ability to gain access to \$12.66 million in federal funds. Those funds are made available if there is a local match based on a one-to-one ratio.

0860 BOARD OF EQUALIZATION

- Approved \$285,000 (\$186,000 GF) and two permanent positions, to administer, maintain, and inspect the network security solutions of the Board of Equalization (Board) that comply with the Internal Revenue Service (IRS) requirements for agencies that have access to IRS data and information systems.
- Provided \$3.6 million (\$2.4 GF and \$1.2 million reimbursements), and the continuation of 22 two-year limited-term positions, to support the Southern California Appeals and Settlement Unit (SCAS). The unit addresses an increasing backlog of cases in the settlement and appeals phase, the positions consist of attorneys and business tax specialists, and funding will result in the acceleration of an additional 868 cases and \$84.9 million in revenue.
- Provided continued funding for 63.7 positions related to the collection of the State Responsibility Area (SRA) Fire Prevention fee, consisting of 42 permanent position and 30.7 limited-term position. The 2014-15 cost would be \$7.3 million (Special Fund), decreasing to \$6.7 million in 2015-16. Fee revenues are expected to be \$90.8 million annually. The administrative activities associated with the SRA fee include registering accounts, annual issuances of notices of determination, collection of past due fees, and processing refunds, and notices of redetermination. In addition, the agency notes that there would be additional fee payer assistance measures, increased mail inquiries, cashiering and key entry, account maintenance, and reconciliation, and ongoing information technology costs, given the volume of the new fee base.

Budget Bill Language

- Adopted budget bill language that allows the Department of Finance (DOF) to augment the amount for support of the Centralized Revenue Opportunity System (CROS) project by up to \$500,000 to provide for contractually required, vendor support requirements. The Director of Finance may authorize the augmentation not sooner than 30 days after notification is made, in writing, to the Joint Legislative Budget Committee.

7730 FRANCHISE TAX BOARD

- Approved the Governor's request for \$150,000 (special funds) from the Asset Forfeiture Account to provide for costs associated with criminal investigations law enforcement activity by the Franchise Tax Board (FTB). FTB participates in three asset forfeiture programs with the U.S. Department of Justice, U.S. Department of Treasury and California Department of Justice.
- Provided for \$75.1 million General Fund and 71 permanent, limited-term, and temporary positions in 2014-15 for the Enterprise Data to Revenue (EDR) project. Of the \$75.1 million, \$68.5 million is the payment to the vendor. Also includes a placeholder for the department's

anticipated 2015-16 resource needs of three positions and \$47.5 million (\$41.2 million vendor payment). EDR is a fixed-price, benefits-funded project in that timing of the vendor payment is contingent on the state receiving additional revenues attributable to the project. Anticipated revenue attributable to EDR is between \$519.2 million and \$684.6 million in 2014-15, and between \$800.5 million and \$1.1 billion in 2015-16.

- Approved \$7.7 million (General Fund) and the continuation of 101 two-year, limited-term positions associated with working down the existing inventory of accounts receivable (AR). The current positions will expire June 30, 2014. These positions were originally approved on a two-year, limited-term basis in 2010-11. The revenue resulting from the continuation of these positions for an additional two years is expected to be \$108.0 million in 2014-15, and \$108.0 million in 2015-16.
- Augmented the budget year and budget year plus one for additional staff and overtime to administer three new tax components: the California Competes Tax Credits, New Employment Tax Credit, and Like-Kind Exchange Information Reporting. The increase is for \$954,000 and six two-year, limited-term positions in 2014-15 and \$961,000 and eight two-year, limited-term positions in 2015-16. It also includes \$579,000 in overtime costs.
- Approved additional funding for security data systems and personnel for the FTB, representing \$2.6 million and seven positions to accommodate workload growth and to implement new security systems at the agency. Of the amount, \$1.8 million is one-time funding to procure and install a data security monitoring and auditing system (ongoing funding for this beginning in 2015-16 will be \$526,000 annually for two positions), and \$800,000 for the seven positions to secure critical assets and safeguard taxpayer information.
- Provided for an increase of \$3.6 million (GF) and 26.0 three-year limited-term positions to address an increased caseload in the processing and adjudication of docketed and undocketed tax protests at the Franchise Tax Board (FTB). As of July 1, 2013, FTB had almost 600 cases in docketed protest status and almost 800 cases in undocketed status. Approval of the funding will help reduce the backlog.

Budget Bill Language

- Adopted budget bill language that allows Department of Finance (DOF) to increase the amount of funds made available to the Enterprise Data to Revenue (EDR) project by up to \$3.0 million program upon 30-day notice to the Joint Legislative Budget Committee (JLBC).
- Adopted budget bill language governing the disposition of funds and the conversion of limited term positions to permanent positions related to working down the backlog of docketed and undocketed tax protest cases.

8885 COMMISSION ON STATE MANDATES

- Approved the budget for the Commission on State Mandates as proposed by the Governor.
- Approved the funding of fifteen various state mandates largely related to property taxes and public safety at a cost of \$33.8 million. Included funding for the Tuberculosis Control mandate and the Local Agency Ethics mandate.
- Continued the suspension of various mandates imposed on local governments that have been previously suspended, for savings of \$513.8 million.
- Appropriated \$100 million for the payment of pre-2004 unpaid mandate claims to counties, cities and special districts.

Budget Bill Language

- Approved budget bill language that requires the Department of Finance (DOF) to provide a report on local election mandates that evaluates simpler mechanisms and alternative funding, assesses as to whether modifications can be made to achieve lower costs, and estimate statewide costs associated with the goals of the mandates.
- Adopted budget bill language that provides that the payment for pre-2004 unpaid mandates shall be based on the following schedule: 73.1 percent to counties; 24.6 percent to cities; and 2.2 percent to special districts.
- Adopted budget bill language in C.S. 6.20 that provides for additional pro-rated payment of the outstanding \$800 million owed to local governments for pre-2004 unpaid mandate claims in the event that state revenues exceed estimated amounts adopted in the budget.

9210 LOCAL GOVERNMENT FINANCING

- Approved one-time funding for the counties of Alpine, Amador and San Mateo of \$12.7 million, where funds available in the Educational Revenue Augmentation Fund (ERAF) are insufficient to make these counties whole as a result of the Triple Flip and the Vehicle License Fees (VLF) swap.
- Approved the appropriation of \$7.5 million for funding of the State-County Assessors' Partnership Agreement Program designed to develop processes to improve assessment administration and practices.

Budget Bill Language

- Adopted budget bill language that directs that a portion of the amounts in Item 9210 are allocated to certain counties and cities in each of those counties due to insufficient Educational Revenue Augmentation Fund (ERAF). The language governs the distribution of funds appropriated for the loss of revenue to the counties of Alpine, Amador, and San Mateo and cities within those counties.
- Approved budget bill language that governs the process by which the funds appropriated for the State-County Assessors' Partnership Agreement Program, adopted in trailer bill, are used to reimburse local costs.

Trailer Bill Language

- Approved trailer bill language that would address the technical issue that, under current law, certain supplemental role property taxes cannot legally be distributed to local governments if all a county's school districts are basic aid. The language would allow for the distribution of these "stranded" property taxes to the county, County Office of Education, Community Colleges, cities, and special districts.
- Adopted trailer bill language that enacts a state-county program to improve assessments for property tax purposes throughout California. The budget proposal establishes a State-County Assessors' Partnership Agreement Program (to enhance local property assessment efforts. The program would begin on a three-year basis and be administered by the DOF.

CONTROL SECTIONS

CS 1.50 COUNTY AUDIT REQUIREMENTS

- Adopted trailer bill language that deletes the requirement that Orange County maintain two auditors, a provision that was unique to Orange County.

CS 6.20 LOCAL GOVERNMENT MANDATE PAYMENT

- Adopted budget bill language that provides for additional pro-rated payment of the outstanding \$800 million owed to local governments for pre-2004 unpaid mandate claims in the event that state revenues exceed estimated amounts adopted in the budget.

Tax Administration, Local Government and Economic Development Trailer Bills

1. *State Government and Administration – SB 854 (Budget and Fiscal Review) Chapter 28; Statutes of 2014.*

CASH MANAGEMENT, BORROWING, AND FISCAL CONTROLS

9600 DEBT SERVICE FOR GENERAL OBLIGATION BONDS

- Approved the Governor's revised funding level for 2014-15 bond debt-service costs. The General Fund costs total \$5.8 billion. This is made up of general obligation bond debt service of \$5.2 billion and \$610 million in lease-revenue bond debt service. Not included in these amounts is the approval of \$1.6 billion for the Economic Recovery Bonds (ERBs) that are repaid with a dedicated one-quarter cent of the sales tax and the supplemental payment of \$1.6 billion to fully repay the ERBs in 2014-15.
- Assumed the fall issuance of an additional \$2.1 billion in General Obligation bond debt for the state's infrastructure requirements.

9620 CASH MANAGEMENT AND BUDGETARY LOANS

- Assumed the issuance of \$3.5 billion of Revenue Anticipation Notes (RANs), to be repaid within the 2014-15 fiscal year, to cover the state's cash flow requirements, and incorporated the related interest costs of \$20 million. This represents a decline in borrowing from the prior year.
- Incorporated the Administration's assumptions on internal cash-flow borrowing, but reduced the estimated associated interest costs to \$10 million. Internal cash-flow borrowing reduces the need for external borrowing and is a lower cost option.
- Approved paying off approximately \$801 million in budgetary borrowing (non-Proposition 98), which is \$145 million less than the Administration proposed, as the loan repayments are unnecessary at this time. These are special fund loans to the General Fund. Approved \$54 million in General Fund (GF) interest costs related to budgetary borrowing.
- Approved paying off \$10.4 billion of the "Wall of Debt" by the end of 2014-15. This consists of \$3.1 billion to fully pay off the ERBs, \$5.2 billion to pay some K-14 deferrals, in addition to other payments, as well as the repayment of various special fund loans discussed above. This amount does not include additional payments which would be made if certain revenue triggers are met. With triggers, the approved budget pays off \$12.2 billion of the Wall of Debt. As shown below, the Wall of Debt totaled \$34.7 billion at the end of 2010-11, and, as of the 2014 Budget Act, has been reduced to \$26.7 billion.

Wall of Debt									
2014 Budget Act									
(Dollars in Millions)									
	Outstanding (as of end of 2010-11)	Outstanding based on 2014 Budget Act	Supplemental Payments to 2013-14 and Earlier	2014-15 impact	2014-15 Trigger Impact	2015-16 impact	2016-17 impact	2017-18 impact	Remaining Amount
Deferred Payments to Schools and Community Colleges	\$10,430	\$6,164	\$4,510	\$662	\$992	\$0	\$0	\$0	\$0
Economic Recovery Bonds	7,100	3,943	0	3,144	0	0	0	0	0
Loans from Special Funds	5,100	3,879	0	801	0	1,322	1,071	685	0
Unpaid Costs to Local Governments, Schools and Community Colleges for State Mandates	4,300	6,682	0	515	800	1,245	2,061	2,061	0
Underfunding of Proposition 98	3,000	2,391	598	0	0	1,793	0	0	0
Borrowing from Local Governments (Proposition 1A)	1,900	0	0	0	0	0	0	0	0
Deferred Medi-Cal Costs	1,200	2,324	0	97	0	579	660	988	0
Deferral of State Payroll Costs from June to July	759	783	0	0	0	0	783	0	0
Deferred Payments to CalPERS	524	411	0	0	0	0	0	411	0
Borrowing from Transportation Funds (Proposition 42)	417	168	0	83	0	85	0	0	0
Total	\$34,730	\$26,745	\$5,108	\$5,302	\$1,792	\$5,024	\$4,575	\$4,145	\$0

CONTROL SECTIONS

CS 9.45 REPORTING FOR RESOURCES BOND EXPENDITURES

- Restored Control Section (CS) 9.45. Under CS 9.45, a reporting requirement to the Department of Finance and the Legislature exists if all of the following criteria are met: 1) Propositions 40, 50, and 84 funds were to be used directly or through a grant for the acquisition, restoration, and rehabilitation of a project; 2) the funds being used were for a grant or project not appropriated in statute; and 3) total expenditure (not limited to Propositions 40, 50, and 84) exceeds \$25 million.

Trailer Bill Language

- Capital Outlay Bond Funds.** Current law requires that upon completion of a capital outlay project, or a design-build project, any remaining funds in the construction reserve fund must be used to offset rental payments. This bill contains a provision that would delete the offset requirement for both capital outlay and design-build projects. *SB 854 (Budget and Fiscal Review Committee), Chapter 28, Statutes of 2014.*
- Costs for Commercial Paper Notes.** Limits specified costs for issuing commercial paper notes to three percent of the maximum principal amount of commercial paper notes that could be purchased, and are outstanding at any one time, pursuant to an agreement, or 0.25

percent of the highest sum of the maximum principal amount authorized by certain resolutions. *SB 854 (Budget and Fiscal Review Committee), Chapter 28, Statutes of 2014.*

SUBCOMMITTEE 5
ON
CORRECTIONS,
PUBLIC SAFETY, AND THE
JUDICIARY

FINAL ACTION REPORT

Senate Budget and Fiscal Review Committee

Members

Loni Hancock, Chair
Joel Anderson
Holly Mitchell

Consultants

Julie Salley-Gray
Joe Stephenshaw

SUBCOMMITTEE No. 5

CORRECTIONS, PUBLIC SAFETY, AND THE JUDICIARY

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CORRECTIONS AND REHABILITATION

0552 OFFICE OF THE INSPECTOR GENERAL (OIG)

- Medical Inspections. Approved a \$1.262 million GF augmentation to establish four permanent positions in the Medical Inspections Unit of the OIG to evaluate medical care provided to inmates in state prison. In addition, reduced the California Correctional Health Care Services (CCHCS) budget by \$645,000 GF and two positions. The net cost for the increased staff will be \$617,000 GF.
- California Rehabilitation and Oversight Board. Approved trailer bill language reducing the minimum frequency of the California Rehabilitation and Oversight Board (CROB) meetings from four times per year to two times.

5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR)

- Recidivism Reduction. Authorized \$91 million (Recidivism Reduction Fund) and \$4.2 million (Inmate Welfare Fund) for the following efforts to reduce recidivism and improve rehabilitation programming:
 - Community reentry programs targeting mentally ill offenders who are within six to twelve months of release - \$20 million.
 - California Leadership Academy strategic planning - \$865,000.
 - Expansion of substance abuse treatment programs and peer counseling certification training - \$11.8 million.
 - Cognitive behavioral treatment at in-state contracted facilities - \$3.8 million.
 - Evaluation of the Integrated Services for Mentally Ill Parolees program - \$500,000.
 - Reestablishing the Mentally Ill Offender Crime Reduction program - \$18 million.
 - Intensive case management for high risk parolees - \$2.5 million.
 - Expansion of the Cal-ID project which ensures that adults leaving prison have proper identification - \$2.2 million.
 - Innovative programming grants for underserved prisons - \$2.5 million.
 - Collaborative courts grant program - \$15 million.
 - Community grants for recidivism reduction - \$8 million.
 - Social innovation bonds - \$5 million.
 - Increased funding for community college courses in prison - \$2 million.
 - High Crime Cities: Crime Reduction Grants - \$2 million.
 - Workforce Investment Boards: Job placement assistance - \$1 million.

- Adult Population Adjustments. Approved an increase of \$5.3 million GF in 2013-14 and \$4.2 million GF in 2014-15 for costs directly related to adult inmate and parole population changes. The revised average daily population projections for adult inmates are 134,214 in 2013-14 (a decrease of 771 inmates below the Governor's January budget) and 136,530 in 2014-15 (a decrease of 1,258 inmates below the Governor's January budget). The revised average daily parolee population projection is 47,247 in 2013-14 (an increase of 1,313 parolees above the Governor's January budget) and 41,866 in the budget year (an increase of 5,214 parolees above the Governor's January budget).
- Juvenile Population Adjustments. Approved a decrease of \$271,000 GF in 2013-14 and an increase of \$258,000 GF in 2014-15 for juvenile population adjustments. The revised average daily population projections for wards are 707 in the current year (a decrease of four wards below the Governor's January budget) and 656 in the budget year (an increase of 11 wards over the Governor's January budget).
- Custody Relief. Authorized a change to the methodology CDCR uses to calculate the relief factor. Under the methodology change, the relief factor will be calculated based solely on statewide actual leave usage rather than a combination of actual leave usage and accrual rates. In addition, the methodology incorporates types of leave (such as furlough days) that are not accounted for in the current relief factor. Approved an additional \$9 million GF in 2014-15 due to the new methodology. The relief factor will be adjusted annually based on updated data on actual usage of staff leave in the prior year.
- Workers' Compensation Shortfall. Approved a one-time \$75 million GF augmentation to address CDCR's rising workers' compensation costs. From 2009-10 to 2012-13, CDCR's workers' compensation costs grew by nearly \$90 million due to increases in open claims, cost-of-living adjustments, retirement and medical benefits, and State Compensation Insurance Fund fees.
- California Health Care Facility (CHCF) Custody Staffing. Approved an increase of \$12.5 million GF to address problems raised by the federal healthcare receiver around plant operations, food services, and custody staffing.
- Conversion of Licensed Health Care Beds. Authorized a decrease of \$1.9 million GF (\$5.6 million on-going) due to downgrading 420 in-institution licensed general acute care hospital or intermediate care facility beds to correctional treatment center beds.
- Contraband and Drug Interdiction. Authorized \$5.2 million GF for increased contraband and drug interdiction efforts. In addition, adopted trailer bill language requiring that any drug and contraband interdiction efforts on the part of CDCR be applied to all individuals in a facility including inmates, department staff, volunteers, and contract employees and that CDCR establish methods to ensure that the searches shall be done randomly and without advance notice.

- Basic Correctional Officer Academy. Approved \$61.7 million GF and 147 positions to increase CDCR's Basic Correctional Officer Academy capacity from 720 in 2013-14 to 3,400 in 2014-15. Any unspent funds will revert to the General Fund.
- Overtime and Lump Sum Payments. Reduced the total overtime budget by \$74.848 million GF, and augmented the Program 25.50 General Security by \$74.848 million GF in recognition of unbudgeted General Security employee compensation costs, including \$52 million GF for employee leave separation payments and \$22.848 million GF for health benefits for staff on workers' compensation leave. Specifically, the Program 25.70 General Security Overtime budget will be reduced by \$64.105 million GF and the Program 25.80 Health Care Access Unit Security Overtime budget will be reduced by \$10.743 million GF to reflect estimated overtime need.

Approved the consolidation of overtime in Program 25 with separate element displays in the Governor's budget:

- Program 25.50 General Security.
- Program 25.60 Health Care Access Unit Security.
- Program 25.70 General Security Overtime.
- Program 25.80 Health Care Access Unit Security Overtime.

Required the Administration to provide a detailed report of all Program 25 expenditures, including actual expenditures for the prior fiscal year, estimated expenditures for the current fiscal year, and proposed expenditures for the budget year, broken-out by category of expense, in the Governor's budget. The report is required to include expenditures on salaries and wages, overtime by activity, temporary help, lump sum payments, and benefits, including worker's compensation.

- Parole Revocation and Compliance Workload. Approved the continuation of \$5.191 million GF and the conversion of 36 parole agent level one positions from limited-term to permanent positions in order to manage the ongoing workload associated with parole revocations and court compliance.
- Expanded Parole Workload Increase. Approved \$3.1 million GF and 23.8 positions for the workload associated with expanded medical parole, implementing an elderly parole program, and establishing a parole process for non-violent, non-sex related second strikers that have served 50 percent of their sentence, and to reduce the hearing preparation timeline.
- SB 260 Youth Offender Parole Services. Approved \$1.586 million GF and 3.5 positions on a one-year limited-term basis (decreasing to approximately \$315,000 and 1.5 positions in 2015-16) to conduct the additional youthful offender parole hearings required by SB 260 (Hancock; Chapter 312, Statutes of 2013). Of the \$1.586 million, \$1.298 million and 3.5 positions are for the Board of Parole Hearings and the remaining \$288,235 is for CDCR's Case Records Unit.

- Sex Offender Management Board. Approved two, two-year, limited-term positions and \$311,000 GF for the training requirements and workload increases imposed by Chelsea's Law (Fletcher; Chapter 219, Statutes of 2010) for the California Sex Offender Management Board and the State Authorized Risk Assessment Tools for Sex Offenders.
- California Prison Industries Authority (CalPIA) Janitorial Services. Expanded the California Medical Facility (CMF) pilot project regarding the cleaning of correctional health care facilities on a statewide basis. Specifically, approved a \$14.5 million GF augmentation for 2014-15, which will increase to \$19.5 million in 2015-16, for the receiver to enter into a statewide health care facility janitorial contract with CalPIA. Authorized the elimination of 83 receiver staff positions in 2014-15, as the CalPIA contract will replace existing receiver janitorial resources and transfer these janitorial positions to CalPIA. In addition, approved one full-time staff position for program oversight. The statewide contract cost will be approximately \$28 million in 2015-16 (upon full implementation), which translates to a cost of \$1.38 per square foot serviced.
- Medical Classification Staffing Model. Authorized the reduction of 148 positions and the approval of the implementation of a new population methodology that will be used to adjust medical staffing based upon patient-inmate acuity and each institution's medical mission. There is no salary savings associated with the reduction in positions. The savings were already captured through the reduction in the prison population due to realignment.
- Armstrong Compliance. Approved 42 full-time, permanent positions and \$4 million GF, related to compliance with the Armstrong Remedial Plan and the requirements of the Americans with Disabilities Act (ADA).
- Armstrong Compliance Capital Improvements. Approved a one-time augmentation of \$17.5 million GF to begin construction of ADA improvements at four prisons and to begin the design phase for improvements at 15 additional institutions.
- Pharmaceuticals Augmentation. Authorized adjustments to the inmate pharmaceutical budget for both the current and budget years. For 2013-14, approved the reduction of the current-year pharmaceutical budget to \$168 million GF. For 2014-15, approved \$161 million GF for inmate pharmaceuticals.
- Office of Attorney General Litigation Services. Approved \$1.36 million GF for five additional full-time deputy Attorney General positions, in order to provide ongoing representation for CDCR in the class action cases of *Coleman v. Brown*, *Plata v. Brown*, the Three Judge Panel, and other class action litigation.
- Health Care Facility Improvement Program (HCFIP). Approved trailer bill language authorizing the use of AB 900 (Solario; Chapter 7, Statutes of 2007), construction funding for the design and construction of remaining projects in HCFIP.

- California Correctional Center Arnold Unit & Antelope Camp Kitchen/Dining Area. Approved \$1 million GF to support the planning phase of two kitchen/dining facility replacements at the California Correctional Center in Susanville. This entire project is expected to cost roughly \$16.4 million GF (\$1 million for planning, \$1.1 million for working drawings, and \$14.3 million for construction).
- Avenal State Prison Medical Inmate Waiting Room. Approved \$575,000 GF to construct a new medical inmate waiting building to comply with the Medical Health Care Facility Components established by the healthcare receiver. The project will provide three separate secure waiting areas, a custody station, inmate restroom, and staff restroom.
- California Correctional Center (CCC) Air Cooling at Lassen Yard. Approved \$597,000 GF to install evaporative cooling units on the Lassen Yard housing units at the CCC in Susanville which will help ensure that the temperatures in the housing units are maintained at or below 89 degrees, as required by CDCR Design Criteria Guidelines.
- California Men's Colony: Central Kitchen Replacement. Approved an increase of \$8,655,000 from the Public Buildings Construction Fund (lease-revenue bonds) for increased design and construction costs for the central kitchen replacement at the California Men's Colony in San Luis Obispo. Authorized the Administration to re-appropriate \$15.3 million in unspent funding for working drawings and construction that was contained in the 2012 budget act.
- Folsom State Prison Storm Drain Containment Pond and Pump. Approved \$395,000 GF to construct a storm water containment pond and pump system to capture tainted storm water runoff and pump the water into the facility's wastewater system for processing.
- Healthcare Facility Improvement Program (HCFIP) Inmate Ward/Labor Services. Approved \$1,123,237 (bond construction project funding) to pay for 10 construction supervisors and one associate governmental program analyst/staff services analyst to expand the Inmate/Ward Labor Program in order to assist in HCFIP projects. The Inmate Ward/Labor program was developed in 1983 and allows inmates to gain experience in the construction trades. HCFIP is a plan adopted in 2012 to upgrade the existing health care facilities infrastructure within CDCR. Over the next four years, HCFIP is scheduled to produce approximately \$220 million in additional construction work for the Inmate Ward/Labor program.
- Ironwood State Prison Air Conditioning. Approved \$145 million (lease-revenue bond financing) for a previously approved project to replace the heating, ventilation, and air conditioning system at Ironwood State Prison in Blythe. This entire project is expected to cost roughly \$156.2 million (\$5.8 million for planning, \$5.4 million for working drawings, and \$145 million for construction).
- Statewide Capital Outlay Budget Packages and Advanced Planning. Approved \$500,000 GF to support workload associated with planning capital outlay projects at youth and adult

correctional facilities. This workload typically consists of site assessments, environmental reviews, and the development of scope, cost, and schedule projections.

- High Control Releases. Approved trailer bill language allowing CDCR to hold high-risk offenders for two additional days in the event that they are scheduled to be released on the Friday before a three-day weekend.

Corrections Budget Trailer Bills

1. *Public Safety Omnibus – AB 1468 (Budget) Chapter 26; Statutes of 2014.*

JUDICIARY

0250 JUDICIAL BRANCH

- Trial Court Funding. Approved an increase of \$60 million GF for trial court funding, for a total increase of \$160 million GF. Specifically, provided a five percent increase in state trial court operations, for a total increase of \$86.3 million. In addition, authorized an increase of \$42.8 million GF to reflect increased health benefit and retirement adjustment costs for trial court employees. Finally, authorized a GF increase of \$30.9 million GF to account for an estimated shortfall in the Trial Court Revenue Trust Fund.
- Immediate and Critical Needs Account (ICNA) Transfer. Provided a one-time \$40 million GF augmentation to ICNA in order to reduce the impact of the annual \$50 million transfer of ICNA funds for trial court services. This augmentation increases the ICNA balance by \$40 million and is intended to restart indefinitely delayed construction projects.
- Capital Outlay Projects. Approved \$210.4 million (\$101.7 million from bond sales and \$108.7 million from fees and penalties) to support sixteen major projects in various stages of construction.
- ICNA Capital Outlay Projects. Approved an increase of \$44.6 million from ICNA for the design and construction of the Los Angeles County Mental Health Court House at the site of the Hollywood Courthouse. Renovating the Hollywood Courthouse represents a change in scope that is estimated to save approximately \$50 million.

In addition, authorized a change in scope for the Alameda East County Hall of Justice. The change would shift the project from a lease-purchase to a cash-funded acquisition. Finally, approved re-appropriations for projects in Imperial and Riverside counties.

- Trial Court Security. Approved \$1 million GF to address potential increased trial court security costs if a new court facility, built by the state and opened after October 9, 2011, necessitates a different level of court security than the facility it replaced or was otherwise closed. Adopted budget bill language specifying that the funding is intended for San Benito and Calaveras courthouses. In addition, adopted trailer bill language outlining the process for determining whether or not a new court house has a need for additional funding, outside of the realignment revenue already dedicated for trial court security.
- Community Corrections Performance Incentives Grant Program. Approved an increase of \$23.7 million GF, for a total of \$124.8 million, for county probation departments that have reduced the number of adult felony probationers going to county jail or state prison. In addition, adopted

trailer bill language stating that it is the intent of the Legislature to expand the program in 2015-16 to include mandatory supervision and post-release community supervision.

- Data Collection for Community Corrections Performance Incentive Grants. Approved language specifying that the \$1 million appropriation provided in 2013-14 to the Administrative Office of the Courts (AOC) for Community Corrections Performance Incentive Grants and realignment data collection is an on-going, annual appropriation.
- Capital Outlay Spring Finance Letter. Approved an increase of \$900,000 ICNA for the working drawings phase of the new Lakeport Courthouse in Lake County. In addition, authorized reductions for four projects in Tuolumne, Sonoma, Shasta, and Santa Barbara counties resulting in approximately \$11 million in savings.
- Trial Court Trust Fund Augmentation - AB 1293 (Bloom; Chapter 382, Statutes of 2013). Authorized a \$190,000 (Trial Court Trust Fund) expenditure authority augmentation to accommodate new projected revenues authorized by AB 1293. AB 1293 is expected to increase revenues for the courts by creating a new probate fee. Specifically, this measure added, until January 1, 2019, a new \$40 fee for filing a request for special notice in a decedent's estate, guardianship, conservatorship, or trust proceeding. This measure also clarified that the \$40 fee is in addition to any other fee charged for a paper filed concurrently with the request for special notice.
- Trial Court Facility Modification Program Augmentation. Approved a \$15 million (State Court Facilities Construction Fund) augmentation to support trial court facility maintenance and modification projects. These projects were reviewed, approved, and prioritized by the Trial Court Facilities Modification Advisory Committee. The \$15 million augmentation brings the baseline funding for this program to \$65 million, plus \$10 million in reimbursement authority.
- Rent Increase. Approved an increase of \$2,240,000 GF to reflect increased rent costs for the Supreme Court, Courts of Appeal, and the Administrative Office of the Courts. This increase is based upon the Department of General Services' lease rates for state-owned buildings, as published in their annual price book.
- Glenn-Willow Temporary Swing Space & Tenant Improvements. Approved \$807,000 (ICNA) to complete tenant improvements and provide temporary workspace for court staff during the construction phase of the Willows Courthouse project. Also authorized \$145,000 (ICNA) in 2015-16 and \$74,000 (ICNA) in 2016-17.
- Technical Adjustment to Reduce Excess Expenditure Authority. Authorized a \$2 million reduction in the Judicial Council's expenditure authority.

0280 COMMISSION ON JUDICIAL PERFORMANCE

- Rent Increase. Approved a \$40,000 GF increase to reflect the increased rent costs for the Commission on Judicial Performance.

0390 CONTRIBUTIONS TO THE JUDGES' RETIREMENT SYSTEM

- Approved as budgeted.

Judiciary Budget Trailer Bills

1. *Public Safety Omnibus – AB 1468 (Budget) Chapter 26; Statutes of 2014.*

OTHER PUBLIC SAFETY

0820 DEPARTMENT OF JUSTICE

- Special Operations Unit. Provided \$9.4 million (Motor Vehicle Fund) to expand the Special Operations Unit by 22.0 positions to investigate violent criminals and organized crime throughout the state.
- Charitable Trust Fund. Increased the Department of Justice's expenditure authority from the Registry of Charitable Trust Funds to support 2.0 positions to address increased workload associated with enforcement of the Supervision Act related to charities, trustees, and fundraisers.

0855 GAMBLING CONTROL COMMISSION

- Indian Gaming Revenue Sharing Trust Fund Transfer. Authorized the California Gambling Control Commission to increase the revenue contribution to the Indian Gaming Revenue Sharing Trust Fund in order to fulfill the quarterly payment obligations to non-gaming and limited gaming tribes.

5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

- Jail Construction Funding. Authorized \$500 million in lease-revenue bond financing for county jail construction projects designed to improve housing with an emphasis on expanding program and treatment space to manage the adult offender population under its jurisdiction.
- Juvenile Justice Data Working Group. Adopted trailer bill language creating the Juvenile Justice Data Working Group within the Board of State and Community Corrections (BSCC) and requires the workgroup to develop a comprehensive plan to coordinate and modernize the juvenile justice data systems and reports that are developed and maintained by state and county agencies.
- Statewide Correctional Officer Job Analysis. Approved a one-time \$410,000 increase in spending authority from the Corrections Training Fund for BSCC to conduct a job analysis of the adult corrections officer, juvenile corrections officer and probation officer classifications

working in city and county jails, local juvenile facilities, and probation departments. The intent of this study is to establish appropriate selection and training standards for those positions.

- City Law Enforcement Grants. Approved a \$12.5 million GF augmentation to the existing law enforcement grant program. This increase brings the total funding for 2014-15 to \$40 million GF. The grants are administered by the Board of State and Community Corrections (BSCC) and are intended for frontline law enforcement activities.
- Extension of Realignment Training Funds. Authorized an extension of the deadline, from June 30, 2015 to June 30, 2018 for spending \$2 million in statewide Public Safety Realignment training funds appropriated in the 2011 and 2012 budget acts.
- State Fire Marshal Fees. Approved a \$516,000 GF augmentation to the BSCC to augment its baseline budget for services charged by the Office of the State Fire Marshal for plan review activities and fire and life safety inspections for state-financed local jail construction programs administered by the BSCC.
- Felony Disposition Data for Youthful Offender Block Grant (YOBG). Requires the Department of Justice to annually provide BSCC the number of juvenile felony court dispositions by county for the previous calendar year.
- Lease-Revenue Bonds. Allows counties with awards from multiple lease-revenue bond jail financing programs to enter into leases and agreements with either CDCR or the Board of State and Community Corrections.

8120 COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

- Peace Officer Standards and Training (POST) Expenditure Plan. Augmented the POST budget by \$3.2 million GF and reduced reimbursement of local law enforcement to 50 percent. In addition, adopted budget bill language requiring POST to submit a report, by February 1, 2015, on sustainable, on-going funding options for local law enforcement training.
- 9/11 Memorial License Plate Antiterrorism Fund. Approved a one-time \$500,000 augmentation from the Antiterrorism Fund to continue its plan to develop and deliver anti-terrorism training to law enforcement personnel.

The budget assumes total revenue of \$2.8 million in the Antiterrorism Fund and \$1.8 million in expenditures. Along with the \$500,000 expenditure for POST, \$723,000 is budgeted within the Office of Emergency Services and \$548,000 within the California Department of Food and Agriculture. The remaining fund balance for 2014-15 is \$992,000.

8140 STATE PUBLIC DEFENDER

- State Public Defender (SPD) Augmentation for Rent Cost Increases. Approved a four-year \$175,000 incremental increase in the SPD's budget to offset the increases in the SPD's Oakland office lease. The increase is for \$45,000 for 2014-15, \$40,000 for 2015-16, \$58,000 for 2016-17, and \$32,000 for 2017-18.

8550 CALIFORNIA HORSE RACING BOARD

- Approved as budgeted.

LOCAL PUBLIC SAFETY

- Workload Increase for Expanded Parole. Approved \$3.1 million GF and 23.8 positions for the workload associated with expanded medical parole, implementing an elderly parole program, and establishing a parole process for non-violent, non-sex related second strikers that have served 50 percent of their sentence, and to reduce the hearing preparation timeline.
- Drug Felon Exclusion in CalWORKs and CalFresh. Adopted trailer bill language eliminating the lifetime ban for people with drug felony convictions from CalWORKs, CalFresh, and General Assistance programs. The ban ends April 1, 2015 (\$9 million TANF/MOE).
- Split Sentencing Presumption. Approved trailer bill language creating a presumption of split sentencing, which requires the courts to provide a period of mandatory supervision for the concluding portion of a sentence, unless the courts find that it is in the best interest of justice not to do so.
- Alternative Custody Programs (ACP). Adopted trailer bill language authorizing county sheriffs and county directors of corrections to develop alternative custody programs, allowing both men and women to voluntarily participate in an ACP, in lieu of being confined in a county jail.
- Allocations for Law Enforcement Services Account Programs – Juvenile Reentry Grant Minimums. Approved trailer bill language clarifying that the \$15,000 per juvenile minimum allocation, provided prior to public safety realignment, is no longer guaranteed because, under realignment, there is a fixed amount of funding available, based upon dedicated revenues, rather than upon caseload.

- Enhancing Law Enforcement Activities Subaccount (ELEAS). Approved trailer bill language reducing the High Technology Theft Apprehension and Prosecution Program in order to correct an error that causes the funding formula to total to more than 100 percent.
- Realignment Supplantation References. Approved trailer bill language providing technical clean-up to the statutes that refer to the supplantation of funding for programs that have been realigned to the counties.
- Split Sentence Mandatory Supervision Term Commencement. Approved the Governor's proposal for trailer bill language that clarifies that mandatory supervision shall begin upon release from jail custody.

Public Safety Budget Trailer Bills

1. *Public Safety Omnibus – AB 1468 (Budget) Chapter 26; Statutes of 2014.*

LABOR

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

- Approved the following proposal to improve the department's administration of the Unemployment Insurance (UI) program. In addition, approved budget bill language requiring the department to report, no later than March 1, 2015, on the progress in achieving specific identified service level outcomes:
 - \$64.0 million from the Contingent Fund, including: 1) \$38 million from the Contingency Fund balance; 2) trailer bill language increasing withholding penalties deposited into the Contingency Fund from 10 to 15 percent; and, 3) a one-time suspension of the transfer of personal income tax withholdings to the GF, instead retaining \$15.9 million for the program.
 - \$67.6 million, including \$46.6 million GF, to provide additional resources for the administration of the UI Program in 2014-15.

Specific UI program goals that these resources will support, and the department must report on, include:

- Process all claims for unemployment benefits within three days of receipt.
 - Respond to online inquiries within five days of receipt.
 - Schedule 95 percent of eligibility determinations in a timely manner.
 - Respond to 50,000 calls per week.
- Approved \$1 million from the Unemployment Compensation Disability Fund to begin three-year plan for the EDD to administer a Paid Family Leave outreach campaign. In addition, approved supplemental reporting language requiring the EDD to report on the type of, and effectiveness of, outreach activities.
 - Approved the following technical or workload adjustments:
 - A decrease of \$13.1 million GF to reflect a reduction in interest due to the federal government for borrowing that has occurred to provide unemployment benefits during the recent economic recession.
 - \$235.1 million in federal funds to reflect a projected increase in UI benefit payments.
 - \$1.6 million from the Disability Fund to reflect an increase in Disability Insurance benefit payments.
 - A decrease of \$20.0 million from the School Employees Fund to reflect a projected decrease in benefit payments.
 -

7120 CALIFORNIA WORKFORCE INVESTMENT BOARD

- Approved as budgeted.

7320 PUBLIC EMPLOYMENT RELATIONS BOARD

- Approved as budgeted.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS

- Approved \$1.1 million (\$624,000 ongoing) from the Labor Enforcement and Compliance Fund, and 5.5 positions, to fulfill the provisions of various new laws: AB 10 (Alejo), Chapter 351, Statutes of 2013; AB 241 (Ammiano), Chapter 374, Statutes of 2013; AB 263 (Hernández), Chapter 732, Statutes of 2013; SB 390 (Wright), Chapter 718, Statutes of 2013; SB 400 (Jackson), Chapter 759, Statutes of 2013; SB 530 (Wright), Chapter 721, Statutes of 2013; and, SB 666 (Steinberg), Chapter 577, Statutes of 2013.
- Approved \$3.3 million from the Occupational Safety and Health Fund to support 26.0 of 31.5 existing, unfunded positions in the Cal/OSHA program to help increase the overall capacity to perform statewide safety inspections.
- Approved the Administration's proposal to stabilize and consolidate funding support for the public works program within the DIR, Division of Labor Standards Enforcement (DLSE), by supporting the function with a new annual fee on public works contractors of \$300.
- Approved \$3.3 million in expenditure authority from the Industrial Relations Unpaid Wage Fund, and a corresponding increase of \$3.3 million from the Labor Enforcement and Compliance Fund, to shift existing labor enforcement positions to a more appropriate funding source. This will continue to support the Bureau of Field Enforcement, Labor Enforcement Task Force, and the wage claim collection functions within the DLSE.
- Approved \$2.4 million from the Occupational Safety and Health Fund, and 11 positions to expand the Process Safety Management (PSM) unit to implement the recommendations of the Governor's Interagency Working Group on Refinery Safety in enforcement of workplace health and safety regulations in 15 refineries and over 1,800 other chemical facilities. In addition, approved budget bill language requiring the department to report by February 1, 2015, on the status of PSM efforts.

Labor Budget Trailer Bills.

1. *State and Local Government – SB 854 (Budget and Fiscal Review) Chapter 28, Statutes of 2014.*

PUBLIC EMPLOYMENT AND RETIREMENT

6645 and 9650 HEALTH AND DENTAL BENEFITS FOR ANNUITANTS

- Approved \$1.829 billion (\$1.827 billion GF) for the costs associated with providing health and dental benefits for retirees. Of this total, \$270.1 million GF is attributable to California State University annuitants.
- Approved budget bill language to ensure that final health and dental rates could be updated after they were adopted at the end of June 2014.

7320 PUBLIC EMPLOYMENT RELATIONS BOARD

- Approved \$360,000 GF and four positions to address increased litigation workload due to new statutory requirements, as well as increased workload due to an expiring contract, and expanding support functions in two regional offices.

7501 DEPARTMENT OF HUMAN RESOURCES

- Approved \$630,000 (\$359,000 GF and \$271,000 Central Service Cost Recovery Fund) to support the Examination and Certification Online System project.
- Approved \$75,000 from the Indian Gaming Special Distribution Fund for disbursement to the Tribal Labor Panel to provide support for its labor relation duties.
- Approved \$848,000 (\$424,000 GF and \$424,000 Reimbursements) and five positions in 2014-15, and \$1.4 million (\$679,000 GF and \$686,000 Reimbursements) and nine positions in 2015-16 to address workload associated with the passage of SB 1036 (Committee on Budget and Fiscal Review), Chapter 45, Statutes of 2012.

7503 STATE PERSONNEL BOARD

- Approved as budgeted.

7900 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)

- Approved trailer bill language that enables state employee and employer contributions toward their Health Maintenance Organization premiums to be deposited into the Contingency Reserve Fund.

- Approved adjustments to eight items in the CalPERS administrative budget based on the 2014-15 CalPERS budget, approved during the April 16, 2014, CalPERS board meeting, as follows:
 - Item 7900-003-0830, CalPERS board administrative costs paid by the Public Employees Retirement Fund, decreased by \$19,393,000;
 - Item 7900-015-0815, CalPERS board administrative costs paid by Judges' Retirement Fund, decreased by \$286,000;
 - Item 7900-015-0820, CalPERS board administrative costs paid by Legislators' Retirement Fund, decreased by \$60,000;
 - Item 7900-015-0822, CalPERS board administrative costs paid by the Public Employees Health Care Fund, increased by \$522,000;
 - Item 7900-015-0830, CalPERS board administrative costs paid by the Public Employees Fund, increased by \$11,582,000 and 42 positions;
 - Item 7900-015-0833, CalPERS board administrative costs paid by the Annuitants' Health Care Coverage Fund, decreased by \$235,000;
 - Item 7900-015-0884, CalPERS board administrative costs paid by the Judges' Retirement System II Fund, decreased by \$12,000; and,
 - Reimbursements to the main item decreased by \$2,713,000.

7920 STATE TEACHERS' RETIREMENT SYSTEM

- Approved \$61.6 million from the State Teachers' Retirement Fund, on a one-time basis, and an additional \$151.4 million in one-time funding in 2015-16 through 2019-20, for project resources, staff, and vendor costs to support the Pension Solution Project under the CalSTRS BusinessRenew program. The Pension Solution Project is a multi-year technology project to replace CalSTRS current pension administration system with a more modern one.

- Approved a reappropriation of \$2.8 million from the State Teachers' Retirement Fund to support the BusinessRenew information technology project.

- Approved \$1.4 million in 2014-15, and \$446,000 in 2015-16, from the State Teachers' Retirement Fund and four full-time positions to support the establishment of the Inland-Empire CalSTRS-operated Member Service Center. This Member Service Center will be similar to other full-service counseling offices in Glendale, Santa Clara, and Orange County.

- Approved \$100,000 from the State Teachers' Retirement Fund and one permanent full-time position to expand existing sustainability efforts by creating a corporate sustainability program in accordance with the CalSTRS Strategic Plan. This new position will be responsible for developing a comprehensive corporate sustainability program at CalSTRS.
- Approved \$57,000 from the State Teachers' Retirement Fund and one position to support administrative functions associated with increased attorney workload from new audits stemming from the hiring of an attorney and legal analyst in 2013-14.
- Approved \$2.2 million from the State Teachers' Retirement Fund and 19 permanent positions to address an increase in internal management and growing complexity of the investment portfolio. Thirteen positions will be assigned to the Investment Branch to manage a portfolio and the additional six positions will be assigned to work in the Financial Services Branch.
- Approved \$205,000 from the State Teachers' Retirement Fund and three permanent positions to increase customer service levels in the contact center.
- Approved an augmentation of nine full-time staff to reduce the reliance on external contractors. No additional funding was added because contractor dollars are being redirected to cover staffing costs.
- Approved \$544,000 from the State Teachers' Retirement Fund and five permanent positions to ensure the proper completion of on-going preventive maintenance and security activities and coordination of annual security audits. Over the past four years, CalSTRS IT infrastructure assets have grown significantly in volume but the resources to manage them have not increased accordingly. Additional resources are needed to address the increase in workload hours to manage these IT assets.
- Approved \$165,000 from the State Teachers' Retirement Fund and one full-time position to perform new actuarial and benefit administration functions. In 2012-13 these duties were backfilled by an outside consultant. It has been determined that having a contractor perform the new actuarial and benefit administration functions is not the most cost effective way of addressing the increased workload.
- Approved \$59.1 million GF to cover the state's initial contribution pursuant to a funding plan to address the CalSTRS unfunded liability over the next 32 years. The state's contribution will increase from 3 percent to 6.3 percent over the next three years.
- Approved trailer bill language that establishes a plan to address the CalSTRS Defined Benefit Program's unfunded liability, which is approximately \$74 billion, by increasing contribution rates, beginning July 1, 2014, of teachers, employers, and the state.

9800 AUGMENTATION FOR EMPLOYEE COMPENSATION

- Approved an adjustment of \$12.6 million GF and \$30.2 million (other funds) due to updated employee compensation changes or estimates. The budget includes a total of \$271.0 million GF in the 9800 item.
- Approved budget bill language to allow flexibility to adjust estimates for final health benefit rates, which are not expected until the end of June 2014 and, to ratify provisions that require the expenditure of funds associated with various memorandum of understandings.
- Approved trailer bill language that provides a phased approach for the application of pay increases that would apply to a pension or benefit. This change would affect any supervisor or manager of state Bargaining Unit 9 or 10 whose monthly salary will increase effective July 1, 2014.

CONTROL SECTIONS

CS 3.60 CONTRIBUTIONS TO PUBLIC EMPLOYEE RETIREMENT BENEFITS

- Approved budget control language in 3.60 (and generally conforming language in Items 9650 and 6645) that allows for the Department of Finance to adjust employer's retirement contribution percentages and health benefit appropriations based on rates adopted by CalPERS.
- Approved revised budget bill language to capture proposed retirement rates. Estimates include \$342.7 million GF, \$166.2 million in special funds, and \$65.8 million in various other nongovernmental cost funds. The estimated increase in retirement costs are due to the following reasons:
 - February 20, 2014, the CalPERS Board of Administration adopted new demographic assumptions as part of a regular review of demographic experience. Key assumption changes included longer post-retirement life expectancy, earlier retirement ages, and higher than expected wage growth for State Peace Officers/Firefighters and California Highway Patrol.

The impact of the assumption changes will be phased in over three years, with a twenty-year amortization, beginning in FY 2014-15. Of the total, this action accounts for \$430.1 million (\$254.2 million GF).

- Retirement rates are higher than originally projected in the Governor's budget due to actual payroll growth being less than actuarially assumed, employees retiring earlier than actuarially assumed, and differences in projected employer contributions and benefit payments as compared to actuals. Of the total increases, this action accounts for \$146.6 million (\$88.4 million GF).

CS 4.20 PUBLIC EMPLOYEES' CONTINGENCY RESERVE FUND

- Approved as budgeted.

Public Employment and Retirement Budget Trailer Bills.

1. *State and Local Government – SB 854 (Budget and Fiscal Review) Chapter 28; Statutes of 2014.*
2. *State Teacher's Retirement System – AB 1469 (Bonta) Chapter 47; Statutes of 2014.*

APPENDIX

Budget Trailer Bill List	i
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BUDGET and TRAILER BILLS

Bill Number	Chapter Number	Topic	Senate Vote	Assembly Vote
SB 852	25	2014 Budget Bill	25-11	55-24
SB 853	27	Transportation	27-10	55-23
SB 854	28	State and Local Government	31-6	55-23
SB 855	29	Human Services	29-8	61-10
SB 856	30	Developmental Services	36-0	78-0
SB 857	31	Health	26-11	55-24
SB 858	32	Education	26-11	55-23
SB 859	33	Education: Local Control Funding Formula	35-2	78-0
SB 860	34	Higher Education	37-0	65-8
SB 861	35	Resources	24-12	55-23
SB 862	36	Greenhouse Gases: Emissions Reduction	22-12	53-26
SB 865	38	Budget Act of 2013: Augmentation	29-8	68-8
SB 869	39	School Facilities: Construction Bond Act	37-0	79-0
SB 870	40	Health	26-11	55-24
SB 871	41	Property Taxes: New Construction Exclusion: Active Solar Energy System	28-8	48-20
AB 1468	26	Public Safety	24-11	54-23
AB 1469	47	State Teachers' Retirement System	37-0	76-1

Edmund G. Brown Jr.
Governor

June 20, 2014

State of California
Governor's Office

I object to the following appropriations contained in Senate Bill 852.

Item 0845-001-0217—For support of Department of Insurance. I reduce this item from \$182,664,000 to \$182,290,000 by reducing:

(2) 12-Consumer Protection from \$54,464,000 to \$54,090,000.

I am reducing the \$749,000 augmentation for implementation of federal mental health parity laws by \$374,000 from the Department of Insurance's Consumer Protection program. The augmentation that remains in the Budget will allow the Department to monitor health insurers' compliance with mental health parity laws and other insurance laws.

Item 2720-001-0044—For support of Department of the California Highway Patrol. I reduce this item from \$1,857,048,000 to \$1,856,348,000 by reducing:

(1) 10-Traffic Management from \$1,796,503,000 to \$1,795,803,000.

I am reducing the \$700,000 augmentation for a teen driver education and safety study. Teen driver education and safety are a high priority for my Administration, and the Transportation Agency is already working with the California Highway Patrol and the Department of Motor Vehicles to develop a comprehensive teen driver education program. Therefore, this increase is unnecessary.

I am deleting Provision 3 to conform to this action.

Item 3360-403-0033—For support of Energy Resources Conservation and Development Commission. I delete this item.

I am deleting this item. It was erroneously included in the Budget Bill. Item 3360-403 already transfers \$28 million from the Job Creation Fund to the State Energy Conservation Assistance Account. This action conforms to legislative intent.

Item 4150-001-0933—For support of Department of Managed Health Care. I reduce this item from \$60,640,000 to \$58,538,000 by reducing:

(1) 30-Health Plan Program from \$64,127,000 to \$62,025,000.

I am reducing the \$4,204,000 augmentation for implementation of federal mental health parity laws by \$2,102,000. The \$2,102,000 augmentation that remains in the Budget will help the Department in reviewing health plans' compliance with the federal law consistent with the Department's implementation plan. In the coming year, my Administration, through the Department of Managed Health Care, will review health plan filings, and identify any areas of concern and any additional resources needed to address them. The Budget also includes an augmentation that was included in the May Revision for clinical and actuarial contracts that will further help with initial implementation.

Item 4300-101-0001—For local assistance, Department of Developmental Services. I revise this item by deleting Provisions 5, 6, and 7.

I am deleting Provisions 5, 6, and 7; eliminating the appropriation that would require the Department of Developmental Services to spend funds to review and recommend an update of the core staffing formula for regional centers and rate-setting methodologies for community-based services and supports. This review would create significant workload and cost pressures within a restrictive timeframe. Instead, I am directing the Health and Human Services Agency to convene a task force to review both of these and other community issues that were identified in the Plan for the Future of Developmental Centers in California.

Item 6110-161-0890—For local assistance, Department of Education. I revise this item by deleting Provision 12.

These changes are technical in nature in order to conform to the Legislature's removal of related language in Item 6110-001-0890.

Item 9480-160-0062—For local assistance, Shared Revenues. I reduce this item from \$42,465,000 to \$31,502,000.

To correct a technical error in the Budget Bill, I am reducing this item by \$10,963,000. This technical veto is consistent with legislative action taken to approve the Highway User Tax Account loan repayment of \$100 million to cities and counties. The funds remaining in this item should be allocated by the Controller under Streets and Highways Code section 2104 for county roads.

Item 9490-165-0062—For local assistance, Shared Revenues. I reduce this item from \$27,439,000 to \$20,355,000.

To correct a technical error in the Budget Bill, I am reducing this item by \$7,084,000 to conform to the action I have taken in Item 9480-160-0062. The funds remaining in this item should be allocated by the Controller under Streets and Highways Code section 2107 and 2107.5 for city streets.

Item 9500-170-0062—For local assistance, Shared Revenues. I reduce this item from \$21,701,000 to \$16,099,000.

To correct a technical error in the Budget Bill, I am reducing this item by \$5,602,000 to conform to the action I have taken in Item 9480-160-0062. The funds remaining in this item should be allocated by the Controller under Streets and Highways Code section 2106 for county roads and city streets.

Item 9505-175-0062—For local assistance, Shared Revenues. I reduce this item from \$43,195,000 to \$32,044,000.

To correct a technical error in the Budget Bill, I am reducing this item by \$11,151,000 to conform to the action I have taken in Item 9480-160-0062. The funds remaining in this item should be

allocated by the Controller under Streets and Highways Code section 2105 for city streets and county roads and highways.

With the above deletions, revisions, and reductions, I hereby approve Senate Bill 852.

/s/ Edmund G. Brown Jr.

EDMUND G. BROWN JR.

Fiscal Impacts of Vetoes - 2014 Budget Act
(Dollars in Thousands)

Department/Issue Title	General Fund (Non-Prop. 98)	General Fund (Prop. 98)	Other Funds
1 Department of Insurance—Federal Mental Health Parity (page 1)	\$0	\$0	\$374
2 Department of the California Highway Patrol—Teen Driver Education Program (page 1)	0	0	700
3 Energy Resources Conservation and Development Commission—Proposition 39 Technical (page 1)	0	0	0
4 Department of Managed Health Care—Budget Augmentation for Federal Mental Health Parity (page 1)	0	0	2,102
5 Department of Developmental Services—Core Staffing Formula Review and Community-Based Services and Supports Rate Setting Review (page 2)	0	0	0
6 Department of Education—Special Education (page 2)	0	0	0
7 Shared Revenues—Highway User Tax Account Loan Repayment (page 2)	0	0	34,800
Total	\$0	\$0	\$37,976

General Fund Multi-Year Forecast at 2014 Budget Act

(Dollars in Millions)

	2013-14	2014-15	2015-16	2016-17	2017-18
RESOURCES:					
Prior Year Balance	\$2,429	\$3,903	\$1,404	\$1,406	\$1,407
Revenues/Transfers	\$102,185	\$107,094	\$113,265	\$118,129	\$123,379
Prop 58 Transfer to the Budget Stabilization Account (for rainy day)		-\$1,606	-\$937	-\$1,002	-\$1,096
Total Resources	\$104,614	\$109,391	\$113,732	\$118,533	\$123,690
EXPENDITURES:					
Proposition 98	\$42,731	\$44,462	\$46,398	\$46,522	\$47,911
Non-Proposition 98	\$57,980	\$61,919	\$65,928	\$70,604	\$74,371
Prop 58 Transfer to the Budget Stabilization Account (for ERB payoff, ends in 2014-15)		\$1,606			
Total Expenditures	\$100,711	\$107,987	\$112,326	\$117,126	\$122,282
FUND BALANCES:					
	\$3,903	\$1,404	\$1,406	\$1,407	\$1,408
Reserve for Encumbrances	\$955	\$955	\$955	\$955	\$955
Special Fund for Economic Uncertainties	\$2,948	\$449	\$451	\$452	\$453
Budget Stabilization Account/Rainy Day Fund		\$1,606	\$2,543	\$3,545	\$4,641
Operating Surplus/Deficit with BSA Transfer	\$1,474	-\$2,499	\$2	\$1	\$1

Wall of Debt
2014 Budget Act
(Dollars in Millions)

	Outstanding (as of end of 2010-11)	Outstanding based on 2014 Budget Act	Supplemental Payments to 2013-14 and Earlier	2014-15 impact	2014-15 Trigger Impact	2015-16 impact	2016-17 impact	2017-18 impact	Remaining Amount
1 Deferred Payments to Schools and Community Colleges	\$10,430	\$6,164	\$4,510	\$662	\$992	\$0	\$0	\$0	\$0
2 Economic Recovery Bonds	7,100	3,943	0	3,144	0	0	0	0	0
3 Loans from Special Funds	5,100	3,879	0	801	0	1,322	1,071	685	0
4 Unpaid Costs to Local Governments, Schools and Community Colleges for State Mandates	4,300	6,682	0	515	800	1,245	2,061	2,061	0
5 Underfunding of Proposition 98	3,000	2,391	598	0	0	1,793	0	0	0
6 Borrowing from Local Governments (Proposition 1A)	1,900	0	0	0	0	0	0	0	0
7 Deferred Medi-Cal Costs	1,200	2,324	0	97	0	579	660	988	0
8 Deferral of State Payroll Costs from June to July	759	783	0	0	0	0	783	0	0
9 Deferred Payments to CalPERS	524	411	0	0	0	0	0	411	0
10 Borrowing from Transportation Funds (Proposition 42)	417	168	0	83	0	85	0	0	0
11 Total	\$34,730	\$26,745	\$5,108	\$5,302	\$1,792	\$5,024	\$4,575	\$4,145	\$0

**Estimated Effects of Proposed New Reserve Policy
at 2014 Budget Act
(Dollars in Millions)**

	2015-16	2016-17	2017-18
<u>1.5% under Prop 58</u>			
1 General Fund Revenues and Transfers	\$113,265	\$118,129	\$123,379
2 Prop 58 Transfer (1.5% of General Fund Revenues & Transfers)	\$1,699	\$1,772	\$1,851
<u>Capital Gain Revenues</u>			
3 General Fund Tax Proceeds	\$113,011	\$117,803	\$122,706
4 Personal Income Taxes from Capital Gains	\$9,409	\$9,933	\$10,471
5 % of General Fund Tax Proceeds	8.3%	8.4%	8.5%
6 8% of General Funds Tax Proceeds	\$9,041	\$9,424	\$9,816
7 Personal Income Taxes from Capital Gains in Excess of 8% General Fund Tax Proceeds	\$368	\$509	\$655
8 Prop 98 Share of Capital Gains Tax Revenue above 8%	\$194	\$276	\$314
9 Non 98 Share of Capital Gain Tax Revenue above 8%	\$174	\$233	\$341
10 Total Available for Rainy Day (Lines 2 and 9)	\$1,873	\$2,005	\$2,191
11 Debt Repayment (50%)	\$937	\$1,002	\$1,096
12 Deposit to Rainy Day Fund (50%)	\$937	\$1,002	\$1,096
Cumulative Balance in Rainy Day Fund ^{1/}	\$2,543	\$3,545	\$4,641

^{1/} Includes balance of \$1,606m from 2014-15.