



COMMITTEE ON BUDGET & FISCAL REVIEW
Room 5019, State Capitol
Sacramento, CA 95814

SENATOR MARK LENO, CHAIR

**UPDATE TO THE
FINAL ACTION REPORT**

October 14, 2013

The purpose of this report is to provide an update to our Final Action Report, which was published on July 23, 2013. The Final Action Report summarizes the actions taken by the Legislature and Governor in the 2013 Budget Act and related trailer bills. This update summarizes the budget-related actions taken by the Legislature and Governor after July 23, 2013 and to date.

If you have additional questions, please contact the committee at (916) 651-4103.

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Executive Summary

On June 14, 2013, the Legislature completed its work on the budget and approved AB 110 (Committee on Budget), the 2013 Budget Act. AB 110 was signed by the Governor on June 27, 2013, thus fulfilling the requirements of the California Constitution. The details of the 2013 Budget Act, and the budget trailer bills necessary for its implementation, are detailed in the Final Action Report of the Senate Committee on Budget and Fiscal Review issued on July 23, 2013.

Since the 2013 Budget Act was adopted and signed in June, there have been significant policies adopted related to corrections, transportation and education that the Legislature addressed as part of the budget process. In addition, as in any year, the 2013 Budget Act and certain trailer bill legislation have benefited from subsequent legislative action to add clarifications and, in some cases, to make various amendments. This Final Action Report Update provides a record of these various pieces of budget-related legislation adopted subsequent to June.

As part of this post-June process, the Legislature approved, and the Governor signed, AB 101 (Committee on Budget), which amended the main budget in AB 110, to become a component of the 2013 Budget Act. This subsequent legislation provides various clarification of, and technical corrections to, the main budget bill for certain departments and programs, notably in the areas of K-12 education, community colleges, and transportation. In addition, AB 101 provides language regarding the Corrections proposal agreed to by the Legislature and the Governor and funding for the Active Transportation Program.

Subcommittee No. 1 on Education

Update to K-12 Education

6110 California Department of Education

- **Local Control Funding Formula.** Makes several technical and clarifying changes related to the new Local Control Funding Formula (LCFF), including:
 - Clarifies statutes related to the *Williams'* settlement agreement to delink from previous categorical funding while continuing requirements within the new funding model, and specifies that LCFF funding will be used to offset any resulting reimbursable state mandate.
 - Makes technical statutory changes to align Community Day School and County Community School funding with new LCFF requirements.
 - Specifies that statutes guiding state apportionments to county offices of education and charter schools will apply only to the Education Protection Account beginning in 2013-14, and will sunset on July 1, 2021, since funds will be apportioned pursuant to the new LCFF.
 - Clarifies funding calculations apply to district reorganizations filed before and after December 1, 2013.
 - Clarifies free and reduced-price meal eligibility is based on federal income eligibility criteria for purposes of unduplicated pupil counts under LCFF, instead of receipt of meals.
 - Specifies that 2012-13 ADA counts, as of February 20, 2014, shall be used for purposes of calculating Economic Recovery Target rate “add-ons” for qualifying LEAs.
 - Deletes LCFF provisions governing declining enrollment funding calculations to allow school districts in decline to receive either the prior year or current year average daily attendance (ADA) funding and corresponding grade span proportions, whichever is greater.
 - Repeals statute authorizing special funding for the Center for Advanced Research Technology (CART) program -- operated by the Fresno Unified and Clovis Unified school districts -- which will now be funded pursuant to LCFF. Retains statutes for the CART program that guide minimum instructional day, computation of average daily attendance, supervision of pupils, and the program sunset date.

- o Makes a technical correction to clarify that only charter schools serving students that a county office of education would otherwise be responsible for educating, are eligible to claim the alternative education funding rate under LCFF.
- o Specifies that the California Department of Education and the California Department of Social Services shall enter into a memorandum of understanding to share foster youth data, on or before February 1, 2014. Clarifies the definition of foster youth. Changes the due date of a Department of Education report on foster youth outcomes from February 15 to July 1 of each even-numbered year.
- o Specifies that Home-to-School Transportation funding includes funding for the Small School District Transportation Program.
- o Establishes a process for school districts and county offices of education to share maintenance-of-effort requirements related to Regional Occupational Centers and Programs funding.
- o Specifies that, in 2013-14 and 2014-15, Regional Occupational Center and Program joint powers agencies and Home-to-School Transportation joint powers agencies shall continue to receive funding at a level associated with 2012-13 amounts for specified categorical programs.
- o Specifies that entitlements to the State Special Schools shall continue to include funding at a level associated with 2012-13 amounts for specified categorical programs.
- o Specifies that average daily attendance (ADA), for the purpose of calculating county office of education operational grant funding under the LCFF, shall include the ADA of charter schools authorized by districts over which the county office has jurisdiction.
- o Specifies that if a county office of education meets or exceeds its LCFF funding target, it will be funded pursuant to the county LCFF funding formula or at the higher hold-harmless level.
- o Authorizes school districts and charter schools to submit changes to California Longitudinal Pupil Achievement Data System within the timeframes and procedures established by the Department of Education.
- o Clarifies that Necessary Small School average daily attendance does not count for purposes of base funding, but does count for supplemental and concentration grant funding.

- o Clarifies that the amount of Necessary Small School (NSS) funding received by a school district that qualified for NSS funding in the 2012-13 fiscal year, is included within their hold harmless calculation.
- o Repeals statute to clarify that NSS funding containing grades 7-8 are funded at the elementary NSS rate for those grades, not the high school NSS rate. These changes are consistent with current law.
- o Provides that the \$3.5 million per year that the Torrance Unified School District (TUSD) will continue to pass through to its local Regional Occupational Center in 2013-14 and 2014-15 for average daily attendance associated with non-TUSD students will not count toward the district's LCFF target.
- o Eliminates \$2 million appropriated to the Governor's Office of Planning and Research for support of State Board of Education activities, related to implementation of the Local Control Funding Formula for K-12 education. This amount is duplicative of another appropriation for the same purpose in the LCFF budget trailer bill.
- o Clarifies that the \$2 million in one-time funds appropriated in 2013-14 to the Office of Planning and Research to support State Board of Education activities related to LCFF implementation is non-Proposition 98 General Fund.
- **Local Control Accountability Plan.** Makes various changes related to the Local Control Accountability Plan (LCAP) under the new LCFF, including:
 - o Requires annual updates, as well as the initial LCAP, to adhere to regulations adopted related to the expenditure of supplemental and concentration grant funding.
 - o Clarifies that a budget cannot be approved for a school district or county office of education, or update to the existing plan, before a LCAP is adopted and clarifies terms under which a budget review committee shall be formed.
 - o Requires the State Board of Education, in developing LCAP templates, to include guidance to local educational agencies (LEAs) in reporting a listing of expenditures for specific actions and a listing of expenditures for low-income pupils, English learner pupils, re-designated English learner pupils, and pupils residing in foster care, in 2014-15 and each year thereafter.
 - o Requires school districts and county offices of education to ensure that all written notifications related to the LCAP or annual update are available to parents in languages other than English, as specified under current law.

- o Specifies that the annual actions that school district and county office of education actions take relating to achieving the goals of the LCAP shall not supersede local collective bargaining agreements.
- o Adds local bargaining units to the groups that school district and county offices of education must consult in the development of the LCAP.
- o Provides greater detail related to career technical education state priorities for purposes of the LCAP.
- **California Collaborative for Educational Excellence.** Makes changes to the California Collaborative for Educational Excellence (CCEE), authorized and funded in the 2013-14 budget, to advise and assist local educational agencies in achieving the goals set forth in their local control and accountability plans under the LCFF. More specifically, this measure:
 - o Specifies that the Superintendent of Public of Instruction (Superintendent), with the approval of the State Board of Education, shall contract with a local educational agency, or consortium of local educational agencies, to serve as the fiscal agent for the CCEE, and that the Superintendent shall apportion funds appropriated for the CCEE to the fiscal agent.
 - o Specifies that the CCEE shall be governed by a board consisting of the following five members: (1) the Superintendent or his or her designee; (2) the President of the State Board of Education or his or her designee; (3) a superintendent of a county office of education appointed by the Senate Committee on Rules; (4) a teacher appointed by the Speaker of the Assembly; and (5) a superintendent of a school district appointed by the Governor.
 - o Specifies that, at the direction of the board of the CCEE, the fiscal agent shall contract with individuals, as well as local educational agencies or organizations with expertise, experience, and a record of success to carry out the purposes of LCFF implementation.
- **Department of Education – State Operations.** Appropriates up to \$3.164 million in General Funds (Non-Proposition 98) to the California Department of Education (CDE) for State Operations, as follows:
 - o **LCFF Implementation.** Provides up to \$1.4 million to support the implementation and administration of the LCFF. Specifically, the bill appropriates \$933,000 (ongoing funds) for six positions for this purpose. An additional \$479,000 for up to five positions may be authorized, contingent upon Department of Finance approval of an expenditure plan.
 - o **LCAP Implementation.** Provides up to \$1.3 million for the support and development of the LCAP. Specifically, this bill appropriates \$570,000 (ongoing

funds) for five positions for this purpose. An additional \$723,000 for up to six positions may be authorized, contingent upon Department of Finance approval of an expenditure plan.

- o **Career Technical Education Grant Implementation.** Provides \$459,000 (one-time funds) for three limited-term positions to implement the California Career Technical Education Pathways competitive grant program.
- **Career Technical Education Grant Program Evaluation.** Directs \$250,000 in one-time Proposition 98 funds, appropriated in the 2013 budget for the Career Technical Education Pathways Grant Program, for an independent evaluation. These one-time funds shall be allocated to a local education agency identified by the Superintendent of Public Instruction to contract for the evaluation.
- **Clean Energy Jobs Act Implementation.** Makes several technical changes related to implementation of the California Clean Energy Jobs Act (Proposition 39) for K-12 local educational agencies:
 - o Specifies that the California Department of Education shall use prior-year enrollment data, instead of average daily attendance, for purposes of allocating energy efficiency funds to the state special schools.
 - o Clarifies that small school districts may elect to bundle year one and year two energy efficiency funds in 2013-14, and extends the application deadline for this bundling option by one month.
 - o Clarifies that statutes requiring schools to repay Proposition 39 funding if they vacate the facility within five years of project completion, apply to local educational agencies, not just school districts.
- **Instructional Day Requirements.** Specifies that the penalty for districts that fail to meet instructional day requirements is a maximum of five days' average daily attendance apportionments, and makes other technical and conforming changes.
- **General Fund Emergency Loan for Inglewood Unified School District – Covered Costs.** Specifies that the General Fund emergency loan package for the Inglewood Unified School District shall cover costs incurred by the California Infrastructure and Economic Development Bank (I-Bank). (The 2013-14 budget establishes a General Fund emergency loan for Inglewood – instead of an I-Bank loan - to reduce the interest rate for Inglewood to the Pooled Money Investment Account rate plus two percent.)
- **Mitigation of I-Bank Emergency Loan Payments for South Monterey Joint Union High School District.** Commences annual Proposition 98 payments in 2013-14 to the South Monterey Joint Union High School District to fund the difference between annual payments under the I-Bank loan and what the district would be

paying under a General Fund loan with an interest rate set at the Pooled Money Investment Account rate plus two percent. These “gap” payments will continue through 2029-30, reflecting the term of the loan.

- **Special Education Funding.** Reduces the federal special education funding appropriation for K-12 education by \$230,000, to reflect final budget actions.
- **Charter School Facility Grant Program Transfer.** Adds a new budget item to authorize the transfer of Charter School Facility Grant Program funds from the Department of Education to the California School Finance Authority. This authority is needed to fully implement the program transfer included in the final budget. Makes several clarifying changes related to the transfer of the California School Finance Authority from the California Department of Education to the State Treasurer's Office, beginning in 2013-14.

6110 Child Care & Development

- **Stage 3 Child Care Technical Adjustment.** Reduces the allocation to Stage 3 child care programs by \$14.5 million to reflect actual caseload estimates for the program. This item was erroneously over budgeted when the budget act was passed in June 2013.

Update to Higher Education

6870 California Community Colleges

- **Redevelopment Agency Dissolution Property Tax Backfill for 2012-13.** Allows the Department of Finance to authorize up to \$100 million Proposition 98 General Fund for the California Community Colleges if property taxes related to the dissolution of redevelopment agencies are not received as estimated for 2012-13. The Department of Finance has until December 31, 2013, to make a final determination about the amount of property tax received by the Community Colleges and the amount of General Fund backfill required. The Department of Finance may consider updated estimates of other local property tax revenue, student fee revenue, or other sources of revenue when making final determinations about what amount of General Fund is needed to backfill the California Community Colleges.
- **Cash Flow Language.** Authorizes the Department of Finance to accelerate the apportionment of General Fund between July 1, 2013 and February 1, 2014 if it is determined that the Community Colleges have a budgetary shortfall related to property tax resulting from the dissolution of redevelopment agencies. Requires notification of the Joint Legislative Budget Committee if a shortfall is determined, and acceleration is granted, by the Department of Finance.

- **Apprenticeship Program.** The 2013 budget act consolidated under the California Community Colleges, the apprenticeship programs that were administered separately under the California Department of Education and the California Community Colleges. This bill makes various technical changes to the code to conform definitions related to the apprenticeship programs and makes a technical date change for the development of common administrative practices between the programs.
- **Adult Education.** Updates budget bill language to conform to trailer bill language passed as part of the 2013 budget act that created an Adult Education Consortium Program.
- **Inter-Year Payment Deferrals.** Reduces the deferrals to the Community Colleges by \$2.8 million.
- **Clean Energy Jobs Act Implementation.** Updates budget bill language to ensure Proposition 39 (Clean Energy Job Creation Fund) funds are expended consistent with trailer bill legislation passed as part of the 2013 budget act. Also ensures that the community colleges allocate and expend the money consistent with the guidance put forth to the Chancellor of the Community Colleges on May 29, 2013, that was developed in conjunction with the California Energy Commission.
- **Community Colleges Administration.** Provides \$422,000 to support four additional positions, and funding to upgrade an existing position, to support various new initiatives at the Chancellor's Office, including information technology activities, the apprenticeship program consolidation and adult education.
- **Physical Plant and Instructional Support.** Clarifies that \$30 million provided for physical plant and instructional support is one-time and available for expenditures until June 30, 2015. Also clarifies that this category of expenditures is no longer flexible and must be expended on physical plant and/or instructional support.
- **Extended Opportunity Programs and Services (EOPS).** Updates budget bill language to reflect the correct amount appropriated in the 2013 budget act to the EOPS program, which is \$15 million more than provided in the prior year.
- **Federal Funds.** Reappropriates unexpended federal funds for expenditure by the community colleges.

7980 California Student Aid Commission

- **Middle Class Scholarship.** The 2013 budget act created a new Middle Class Scholarship for students that do not qualify for the Cal Grant Program, but come from a family with a household income that is less than \$150,000. Trailer bill amendments specify the following changes:

- o Conforms the academic requirements definition for the Middle Class Scholarship to the Cal Grant program.
- o Makes clarifying changes to ensure that the University of California (UC) and the California State University (CSU) systems do not use the Middle Class Scholarship to supplant existing institutional aid. The changes ensure CSU and UC flexibility to change policies unrelated to aid for undergraduate students, which is the only group eligible for the Middle Class Scholarship.
- o Ensures that local consortia do not have to meet matching requirements for funds allocated to the California Student Opportunity and Access Program (Cal-SOAP) program for the purpose of Middle Class Scholarship Program outreach.

Education Budget Trailer Bills

1. *Education—SB 97 (Chapter 357; Statutes of 2013)*

*Subcommittee No. 2 on Resources, Environmental Protection,
Energy and Transportation*

Update to Resources, Environmental Protection and Energy

The Legislature did not make any changes to the Resources, Environmental Protection and Energy area of the budget in the final month of session. The resources trailer bill, which was still pending as of June 30, 2013, was chaptered on September 26, 2013 (SB 96, Chapter 356, Statutes of 2013). The bill had no changes from the previous version published as AB 77 on June 30, 2013. The following provisions were enacted by the passage of the resources trailer bill.

3360 California Energy Commission (CEC)

- Approves \$160 million and 55 positions from Investor-Owned Utility (IOU) ratepayer funds for the implementation of the Electric Program Investment Charge (EPIC). Trailer bill language restricts the use of the funds to those within the IOU areas and provides the authority for \$25 million to be approved through the EPIC proceeding at the California Public Utilities Commission for New Solar Homes Partnership programs.

0540 Secretary for Natural Resources

- Approves the shift of \$1.9 million (bond funds) and nine positions from the State Coastal Conservancy to the Secretary, in order to consolidate all ocean programs including the Ocean Protection Council, within the Resources Agency.

3540 Department of Forestry and Fire Protection (CalFIRE)

- Approves language to eliminate the non-critical functions and reduce the statutory responsibilities of the department, which will allow CalFIRE to meet workload within its authorized spending levels.

3600 Department of Fish and Wildlife (DFW)

- Approves \$2.5 million (Wildlife Restoration Fund) for management and oversight of state-owned land. Clarifies that revenue generated from leases is authorized to be used to improve and maintain the intrinsic and ecological values of wildlife areas, ecological reserves and other DFW managed lands.

3760 State Coastal Conservancy (SCC)

- Approves the shift of \$1.9 million (multiple bond funds), and nine positions, from the State Coastal Conservancy to the Secretary, in order to consolidate all ocean programs, including the Ocean Protection Council, within the Resources Agency.

3790 Department of Parks and Recreation (DPR)

- Approves the transfer of the District 11 Caltrans state building to DPR for the long-term development of San Diego Old Town State Historic Park.
- Approves language to extend the department's authority to manage major capital outlay projects from January 1, 2014 to January 1, 2019. This will allow the department to maintain internal project management of its capital outlay projects, resulting in cost savings and timely delivery.

3900 Air Resources Board (ARB)

- Approves trailer bill language to direct the appropriation of the final \$1.1 million (Proposition 1B bond funds) for clean school bus programs, under the Children's Health Initiative.

3970 Department of Resources Recycling and Recovery (CalRecycle)

- Approves a proposal to reform the Beverage Container Recycling Program funding structure and collection methods to provide structural stability and increased financial management oversight.
- Approves the transfer of CalRecycle from the Natural Resources Agency to the Environmental Protection Agency, in accordance with the Governor's Reorganization Plan Number Two of 2011.

8660 California Public Utilities Commission (CPUC)

- Approves language allowing the Lawrence Livermore National Laboratory to provide cyber security research (up to \$35 million) to benefit the investor owned utilities (IOUs) and set parameters for this program.
- Approves language that prohibits the CPUC from creating non-state entities through decisions, settlements, rules, orders, or mergers, without a legislative approval process, with anything but shareholder funding.

- Approves language that prohibits the CPUC from awarding contracts to nonprofits in which a sitting commissioner serves as an employee, officer or director.
- Approves provisions requiring commissioners to remove themselves from nonprofits created by the CPUC, by June 1, 2014, for nonprofits established prior to January 1, 2014.
- Approves language to provide independence of the DRA from the CPUC by creating the Office of Ratepayer Advocates as a separate budgetary program.
- Approves prohibition on the distribution or expenditure of proceeds received by the commission from a settlement of a claim without prior notification to the Department of Finance and the Legislature. Requires the CPUC to conduct a zero-based budget for all of its programs by January 10, 2015.

Resources, Environmental Protection and Energy Budget Trailer Bills

1. *Resources Omnibus—SB 96 (Chapter 356; Statutes of 2013)*

Update to Transportation

2660 Department of Transportation

- Provides for the establishment of the Active Transportation Program (ATP) within the Department of Transportation (Caltrans) administered by the California Transportation Commission (CTC). The ATP combines five existing programs, consisting of the federal Transportation Alternatives Program, the state and federal Safe Routes to Schools programs, the state Environmental Enhancement and Mitigation Program, and the state Bicycle Transportation Account.
- Establishes ATP funding through annual appropriations in the state budget act with 100 percent of federal Transportation Alternative Program (TAP) funds (except for amounts of Recreational Trails Program [RTP] funds appropriated to the Department of Parks and Recreation [DPR]); \$21.0 million of Highway Safety Improvement funds and other federal funds; State Highway Account (SHA) funds as appropriated in the annual budget act; and other funds and resources as may become available.
- Directs that funds received in the ATP be distributed 40 percent to metropolitan planning organizations in urban areas with populations of greater than 200,000, in proportion to their relative population; 10 percent to small urban and rural regions with populations of 200,000 or less for projects competitively awarded by the CTC; and 50 percent competitively awarded by the CTC on a statewide basis.
- Provides minimum funding levels for safe routes to schools programs and a guideline process that ensures that no less than 25 percent of overall ATP funds benefit disadvantaged communities.

Transportation Budget Trailer Bills

1. *Active Transportation Program—SB 99 (Chapter 359; Statutes of 2013)*

*Subcommittee No. 3 on
Health and Human Services*

Update to Health

4260 Department of Health Care Services (DHCS)

- **Affordable Care Act (ACA) – County Financial True-Up Mechanism.** AB 85 (Chapter 24, Statutes of 2013) chaptered June 27, 2013, establishes county financing mechanisms to determine county indigent health care savings as a result of the federal Patient Protection & Affordable Care Act (health care reform) and makes changes to funding mechanisms governing the 1991 realignment of health and human services programs, as well as the funding of CalWORKs grants. SB 98 (Chapter 358, Statutes of 2013), a budget trailer bill, enacted subsequent to AB 85 does the following:
 - o Clarifies the intent of AB 85 (Chapter 24, Statutes of 2013), to count 1991 Realignment General Growth funds, as calculated under law effective July 1, 2013, when calculating the total amount of 1991 Realignment health funds that could be considered as part of the calculation to determine county indigent health care savings as a result of health care reform.
 - o Amends provisions of AB 85 that established an exchange of sales tax and Vehicle License Fund (VLF) moneys between various accounts and subaccounts within the Local Revenue Fund associated with 1991 health and human services realignment.
 - o Specifies the definitions and methodology, as provided in AB 85, to determine the sources and amounts of historical revenues used by public hospital counties to fund their Medi-Cal and uninsured costs. The three funding sources, as specified in Welfare and Institutions Code Section 17612.2 (ab)(2)(C), are unrestricted special local health funds, one-time and carry-forward revenues, and county general purpose funds. This methodology determines a “fair and reasonable manner of allocation” for these funding sources for historical years (2008-09 to 2011-12, inclusive). This is necessary given the nature of these funding sources, as they are available to fund the entire health system costs and are not specified for use for any specific populations.
 - o Clarifies that there is a cap of \$300 million (for all counties) in county indigent health savings, as a result of health care reform, that can be redirected to the Family Support Subaccount in 2013-14. Clarifies that no more than a county’s actual county indigent health savings can be redirected to the Family Support Subaccount in 2013-14. The actual projected savings will be included

in the 2014 May Revision and then reevaluated and adjusted in 2016. This clarification applies to counties that choose the formula mechanism to measure and compare actual health care costs and revenues to determine county indigent health savings. (AB 85 provides for two mechanisms to determine county indigent health savings: 1) a formula that measures and compares actual health care costs and revenues, and 2) a predetermined percentage--60 percent--of a county's health realignment allocation plus a county's health realignment maintenance of effort.) As a result, the \$300 million cap can be adjusted downward only, depending on actual counties' savings.

- o Extends the dates when counties have to: 1) inform the Department of Health Care Service (DHCS) as to which AB 85 county financing mechanism they will select to determine county indigent care savings, 2) adopt Board of Supervisor resolutions selecting the county financing mechanism, 3) determine historical allocation amounts and percentages (for public hospital counties) and when DHCS has to assess the historical allocation amounts and percentages.
- **ACA – Medi-Cal Enrollment Assistance and Outreach Grants.** Appropriates \$26.5 million in The California Endowment grant funds, and a matching amount of federal funds, for in-person Medi-Cal enrollment assisters and Medi-Cal outreach and enrollment activities for an extended encumbrance period of three years. Creates the Healthcare Outreach and Medi-Cal Enrollment Account in order to collect these grant funds. Authorizes the use of grant funds for 4.0 limited-term positions and caps DHCS administrative expenses for these purposes to \$500,000 annually, for three years.

4280 Managed Risk Medical Insurance Board (MRMIB)

- Provides provisional budget bill language to allow state funds to be used for the County Children's Health Initiative Matching Fund (CHIM) Program.

Health Budget Trailer Bills

1. *Health and Human Services—SB 98 (Chapter 358; Statutes of 2013)*
2. *Health—SB 101 (Chapter 354; Statutes of 2013)*

Update to Human Services

The Legislature did not make significant changes to the Human Services area of the budget in the final month of session. A health and human services trailer bill enacted in September 2013 (SB 98, Chapter 358, Statutes of 2013) did, however, make technical and clarifying changes to human services-related provisions of two previously enacted trailer bills (AB 85, Chapter 24, Statutes of 2013 and AB 74, Chapter 21, Statutes of 2013).

*Subcommittee No. 4 on
State Administration and General Government*

Update to State Administration and General Government

Economic Development

- **Enterprise Zones.** Approves language that clarifies certain provisions related to the elimination of enterprise zone (EZ) tax incentives and the establishment of alternative state and local economic development programs, including:
 - o Allowing vouchering of eligible employees under the EZ program to continue through 2014 and easing the ability of firms to claim the income tax credit for sales taxes paid on certain equipment.
 - o Specifying the identity of the chair and legislative appointees to the California Competes Tax Credit Committee.
 - o Clarifying the ten-year carryover of EZ-related credits and the application of EZ credits relative to the tax year of taxpayers.

State Administration

- Approves language in AB 106 (Chapter 355, Statutes of 2013) that expands the definition of “remote interest” so that board or commission members that were a member of a 501(c)(5) will still be required to recuse from voting on issues that they may have a remote interest in, but will not be in violation of state conflict of interest code.

0890 Secretary of State

- Clarifies reporting requirements related to the Secretary of State’s efforts to reduce the processing of business filings within the state.

1111 Bureau of Private Postsecondary Education

- Reappropriates \$270,000 from the Private Postsecondary Education Fund to the California State Auditor’s Office to conduct a performance review of the Bureau of Private Postsecondary Education.

8955 Department of Veterans Affairs

- Provides greater direction for the use of the one-time, \$3 million appropriation provided to County Veteran Service Officers, as part of the 2013 Budget Act. Specifically, \$2.6 million will be distributed to counties based on the workload units reported for Fiscal Year 2012-13. The remaining \$400,000 will be distributed to a single county to act as the lead agency in developing a state-wide veterans outreach effort.

State Administration and General Government Trailer Bills

1. *Public Finance—SB 100 (Chapter 360; Statutes of 2013)*
2. *Economic Development—AB 106 (Chapter 355; Statutes of 2013)*

*Subcommittee No. 5 on
Labor, Corrections, Public Safety, and the Judiciary*

Update to Corrections and Rehabilitation

5225 Department of Corrections and Rehabilitation

- Adopts trailer bill language in order to comply with the Federal three judge panel order that requires California to reduce its prison population to 137.5 percent of system-wide design capacity by December 31, 2013. Specifically, the trailer bill:
 - o Requires the Administration to immediately begin working with stakeholders, including the Legislature, in developing long-term cost effective solutions that protect public safety.
 - o Requires the Administration to submit an interim report to the Legislature on these solutions no later than April 1, 2014, followed by a more comprehensive report no later than January 10, 2015.
 - o Updates the California Community Performance Incentive Act of 2009, SB 678 (Leno, Chapter 608, Statutes of 2009), to address significant reductions in prison diversion program funding levels triggered primarily by the Public Safety Realignment of 2011. This change is expected to provide approximately \$100 million (above what would have been received if these changes were not made) to the state's probation departments supporting increased utilization of evidence-based probation practices intended to minimize prison commitments.
 - o Clarified that the amount of funding the California Department of Corrections and Rehabilitation (CDCR) may expend to procure additional inmate housing capacity shall not surpass the level necessary to adhere to federal court orders and avoid the early release of prison inmates.
 - o Created the Recidivism Reduction Fund in the State Treasury, to be available for appropriation by the Legislature for activities aimed at reducing the state's prison population, including, but not limited to, reducing recidivism.
 - o Requires the Department of Finance (DOF) to report to the Legislature, within 15 days, if the court grants California reprieve from a pending order to reduce the state's prison population to 137.5 percent of system-wide design capacity by December 31, 2013. DOF's report to the Legislature must also include specific details on the activities, including associated costs, necessary to comply with the revised order.

- o Contained a \$315 million General Fund appropriation, to comply with court order.
- o Stipulates that if the amount of funding necessary to comply with a revised court order is less than the \$315 million appropriated by this measure, the Director of Finance shall direct the Controller to transfer the first \$75 million of such savings to the Recidivism Reduction Fund. Any additional savings shall be allocated as follows: 50 percent shall revert to the General Fund and 50 percent shall be transferred to the Recidivism Reduction Fund.
- o Authorizes CDCR to establish a correctional officer training academy for the purpose of training correctional staff in support of the California City Correctional Center. This provision is repealed effective January 1, 2017.
- o Defined, temporarily, the California City Correctional Center, located in California City, as an agency or jurisdiction. This provision is repealed effective January 1, 2017.
- o Suspended the statutorily required closure of the California Rehabilitation Center, located in Norco, California, pending a review of inmate housing capacity needs conducted by the Department of Finance and CDCR.
- o Clarified that all state inmates who remain housed in county jails are under the sole legal custody and jurisdiction of the sheriff or corresponding official having jurisdiction over the facility. This provision is repealed effective January 1, 2017.
- o Authorizes state inmates housed in local facilities to participate in programs of the facility including, but not limited to, work furlough rehabilitation programs, upon notice of the Secretary of Corrections. This provision is repealed effective January 1, 2017.
- o Authorizes the state to act expeditiously in contracting with private and public entities to house inmates inside of California. This provision is repealed effective January 1, 2017.
- o Authorizes the state to act expeditiously in contracting with private entities to house inmates outside of California. This provision is repealed effective January 1, 2017.
- o Authorizes the state to act expeditiously in entering a lease or operating agreement with private entities inside California. Clarifies that the provisions of Division 13 (commencing with Section 21000) of the Public Resources Code (also known as the California Environmental Quality Act) do not apply to this provision. This provision is repealed effective January 1, 2017.

- o Authorizes the Secretary of CDCR to waive any process, regulation, requirement, reviews, or approvals required under statutes related to procurement. This provision is repealed effective January 1, 2017.
- o Specifies that all contractual obligations are subject to legislative appropriation.
- o Requires a report be submitted to the Department of Finance and the Legislature detailing the number of inmates housed in leased and contracted beds, inside and outside of the state, pursuant to the provisions of the bill. Further, the report shall provide the specific number of inmates moved to each facility and shall identify all costs associated with housing these inmates. This report must be submitted no later than April 15, 2014, and again by April 15, 2015.

Public Safety Trailer Bills

1. *Corrections —SB 105 (Chapter 310; Statutes of 2013)*

Complete List of 2013-14 BUDGET and TRAILER BILLS

Bill Number	Chapter Number	Topic	Senate Vote	Assembly Vote
AB 110	Ch 20	2013 Budget Bill (Blumenfield)	28-10	54-25
AB 101	Ch 354	2013 Budget Bill (Budget Bill Junior)	35-2	53-25
AB 113	Ch 3	Budget Act of 2012 (budget bill)	25-10	69-6
SB 67	Ch 4	In-home supportive services (trailer bill)	24-9	53-19
SB 68	Ch 5	Budget Act of 2012 (budget bill)	24-9	51-22
AB 74	Ch 21	Human services (trailer bill)	28-10	54-25
AB 75	Ch 22	Alcohol and drug programs (trailer bill)	38-0	68-9
AB 82	Ch 23	Health (trailer bill)	36-0	72-3
AB 85	Ch 24	1991 Realignment/County Health Care Savings (trailer bill)	24-11	53-23
AB 89	Ch 25	Developmental services (trailer bill)	36-2	63-15
AB 92	Ch 26	State government (trailer bill)	37-1	55-23
AB 98	Ch 27	Property insurance: Seismic Safety Account (trailer bill)	28-9	54-24
SB 71	Ch 28	State government - main (trailer bill)	28-11	54-25
SB 73	Ch 29	Energy: Proposition 39 implementation (trailer bill)	33-1	69-9
SB 74	Ch 30	Corrections (trailer bill)	32-4	59-14
SB 75	Ch 31	Courts (trailer bill)	35-1	59-16
SB 76	Ch 32	Public safety (trailer bill)	30-8	54-25
SB 78	Ch 33	Gross Premiums Tax on Managed Care Organizations (trailer bill)	27-10	54-25
SB 82	Ch 34	Investment in Mental Health Wellness Act of 2013 (trailer bill)	36-1	59-20
SB 85	Ch 35	Transportation (trailer bill)	29-8	54-25
SB 89	Ch 36	Budget Act of 2012: augmentation (budget bill)	38-0	62-14
SB 94	Ch 37	Coordinated Care Initiative (trailer bill)	23-8	53-24
AB 97	Ch 47	School finance- Local Control Funding Formula (trailer bill)	38-0	65-12
AB 86	Ch 48	Education finance: education omnibus (trailer bill)	33-3	61-16
SB 91	Ch 49	School finance – Local Control Funding Formula Clean Up (trailer bill)	38-1	64-14
AB 94	Ch 50	Education finance: higher education (trailer bill)	37-0	65-9
SB 105	Ch 310	Corrections (trailer bill)	35-2	78-0
AB 106	Ch 355	Economic development: taxation: credits (trailer bill)	39-0	78-0
SB 96	Ch 356	Public resources (trailer bill)	25-13	51-24
SB 97	Ch 357	School finance: local control funding formula (trailer bill)	36-0	77-1
SB 98	Ch 358	Public health (trailer bill)	21-16	51-25
SB 99	Ch 359	Active transportation program (trailer bill)	32-6	66-8

SB 100	Ch 360	Public finance (trailer bill)	35-2	57-8
SB 101	Ch 361	Health	26-12	57-17
SB 102	Ch 397	State employees: memoranda of understanding	34-5	51-23
<i>AB 76</i>	<i>Vetoed</i>	<i>State Government – main (trailer bill)</i>	<i>23-11</i>	<i>53-25</i>
<i>SB 95</i>	<i>Vetoed</i>	<i>Budget Act of 2013</i>	<i>36-0</i>	<i>53-25</i>

Other budget-related bills

AB 93	Ch 69	Economic development: taxation	30-9	54-16
SB 90	Ch 70	Economic development: taxation - modifications	36-1	76-0
AB 81	Ch 161	Public safety: domestic abuse	37-0	76-0
