

COMMITTEE MEMBERS
JIM NIELSEN, VICE CHAIR
BENJAMIN ALLEN
JOEL ANDERSON
JIM BEALL
MARTY BLOCK
LONI HANCOCK
HOLLY J. MITCHELL
WILLIAM W. MONNING
JOHN N. W. MOORLACH
JANET NGUYEN
RICHARD PAN
FRAN PAVLEY
RICHARD D. ROTH
JEFF STONE
LOIS WOLK

CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019
SACRAMENTO, CA 95814



Mark Leno, Chair

STAFF DIRECTOR
MARK IBELE

DEPUTY STAFF DIRECTOR
FARRA BRACHT

CONSULTANTS
MICHELLE BAASS
CATHERINE FREEMAN
ANITA LEE
SAMANTHA LUI
JULIE SALLEY-GRAY
BRADY VAN ENGELEN
ELISA WYNNE

COMMITTEE SECRETARY
SANDY PEREZ

COMMITTEE ASSISTANT
MARY TEABO

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

Agenda

June 18, 2015

Upon Call of the Chair - Room 4203

BILL

AUTHOR

SUBJECT

A.B. 123	Committee on Budget	Budget Act of 2015
A.B. 94	Committee on Budget	Health
A.B. 104	Committee on Budget	K-12 Education
A.B. 105	Committee on Budget	Local Control Funding Formula
A.B. 106	Committee on Budget	Human Services
A.B. 107	Committee on Budget	Earned Income Tax Credit
A.B. 108	Committee on Budget	Higher Education
A.B. 109	Committee on Budget	Developmental Disabilities
A.B. 110	Committee on Budget	Resources
A.B. 111	Committee on Budget	General Government
A.B. 112	Committee on Budget	Public Safety
A.B. 115	Committee on Budget	Water
A.B. 117	Committee on Budget	State Administration
A.B. 124	Committee on Budget	State Employment

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No:	AB 123	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015	Fiscal:	Yes
Urgency:	No		
Consultant:	Senate Budget Staff		

Subject: Budget Act of 2015.

Summary: This bill contains provisions of the 2015-16 Budget Act.

Background: The Legislature passed the 2015 Budget Act (AB 93) on June 15, 2015. This bill provides for certain adjustments to various budget items, clarifications of budget bill language, and additional appropriations.

Proposed Law: AB 123 makes the following statutory changes to implement the 2015-16 budget.

Child Care, Early Learning, and K-12 Education

1. Provides funding for 5,830 full-day state preschool slots, effective January 1, 2016; 1,200 non-local educational agencies full-day preschool slots, effective January 1, 2016; and 6,800 voucher slots, effective July 1, 2015.
2. Includes provisional language for Quality Rating and Improvement System (QRIS) consortia to provide training, technical assistance, and resources to help infant and toddler child care providers meet a higher tier of quality. Specifies that each county participating in a QRIS consortia must receive a minimum grant of \$25,000.
3. Provides \$18 million General Fund to increase the license-exempt rate from 60 percent to 65 percent of the family child care home rate, effective October 1, 2015.
4. Provides \$44 million General Fund for a 4.5 percent increase to the Regional Market Rate, effective October 1, 2015.
5. Provides \$61 million (\$38 million Proposition 98 and \$22.7 million General Fund) for a five percent increase to the Standard Reimbursement Rate, effective October 1, 2015.
6. Authorizes the Resource and Referral network to receive \$300,000 in one-time federal Child Care and Development Block Grant funds to support data collection efficiency.

7. Provides a \$10 million augmentation of the Foster Youth Services program and specifies that funds appropriated for the foster youth services program are intended to expand eligibility that aligns program requirements to reflect the establishment of the Local Control Funding Formula.
8. Eliminates funding to begin equalizing the provision of funds for education-related transportation services and the After School Education and Safety Program.

Higher Education

1. Community Colleges (CCC)
 - a. Provides \$62.32 million to increase the number of full-time faculty at CCC.
 - b. Provides \$3 million on a one-time basis to support the administration of the Cal Grant B Access Award.
 - c. Provides \$155 million to implement the student equity plans, pursuant to Article 1.5 of Chapter 2 of Part 48 of Division 7 of Title 3 of the Education Code.
 - d. Declares legislative intent that the Chancellor identifies one or more community college districts willing to use at least \$5 million to provide a one-to-three match of state to private funds for the purpose of developing and providing education programs for incarcerated adults in prisons and jails, and the formerly incarcerated.
2. California State University (CSU)
 - a. Removes \$24 million for deferred maintenance.
 - b. States that the CSU Item includes funds for the California DREAM Loan Program.
3. University of California (UC)
 - a. Declares legislative intent that funds generated by an increase in the number of nonresident students enrolled in the 2015-16 academic year, and increases in nonresident tuition, as approved by the Regents on May 21, 2015, be used to support an increase in the number of resident students enrolled.
 - b. Declares that if the Regents provide sufficient evidence that UC increased resident enrollment by at least 5,000 in the 2016-17 academic year, compared to the 2014-15 academic year, the Department of Finance must appropriate an additional \$25 million to UC.
 - c. Requires the Regents to report to the Legislature and the Department of Finance on how it is using funds to provide targeted student support

services to increase system wide and campus four-year and six-year graduation rates, and two-year and three-year graduation transfer graduation rates of low-income and underrepresented students.

- d. Clarifies that the UC Item includes funds for the California DREAM Loan Program.
4. Provides \$1,000,000 for the State Library, on a one-time basis, for a pilot program of the Career Online High School Program.

Natural Resources

1. Shifts \$2.8 million from the California Ocean Protection Trust Fund (Tidelands Oil Revenues) to the Environmental License Plate fund for support of the Ocean Protection Council and Fourth Climate Assessment.
2. Reduces funding to the Department of Parks and Recreation by \$3 million, sustaining the Governor's reduction plan for the Environmental License Plate Fund.
3. Provides \$678,000 for working drawings, and provides intent language for Border Field State Park that will be funded in phases in the future, and reduces budget year funding by \$5.2 million.
4. Shifts \$2.5 million from the California Ocean Protection Trust Fund (Tidelands Oil Revenues) to the General Fund for support of Marine Protected Areas.
5. Shifts \$325,000 from the General Fund to the Lake Tahoe Conservancy Account, including language notwithstanding current law, for support of the Tahoe Regional Planning Agency Threshold Evaluation Report.
6. Removes budget bill language that requires the Department of Forestry and Fire Protection to return to the Legislature with options for procurement of helicopter replacements in the 2016-17 budget cycle.
7. Eliminates \$8 million General Fund back-payments for the Payment In-Lieu of Taxes.
8. Provides \$6 million for riparian restoration projects for Chollas Creek, and shifts funding from Proposition 1E to the Habitat Conservation Fund and Wildlife Conservation Board reappropriations.
9. Shift funding for the Los Angeles River opportunity acquisition from Proposition 1E to Proposition 40 and 84.
10. Eliminates \$1.3 million from the Coastal Trust Fund that would have continued the Climate-Ready grant programs at the Coastal Commission, State Coastal Conservancy and Bay Conservation Development Commission.

11. Provides \$1.6 million from State Parks and Recreation Fund for renovations to the Historic Governor's Mansion in Sacramento.
12. Makes various technical changes to reduce funding from Greenhouse Gas Emission Reduction and cap-and-trade auction revenues to the Air Resources Board and CalRecycle, to comport with actions in the budget.

Housing

1. Provides \$3.5 million General Fund for the Department of Housing and Community Development's Office of Migrant Services.

Health and Human Services

1. Department of Health Care Services (DHCS)
 - a. Eliminates various Medi-Cal rate increases that will be considered in a special session focused on funding sources for the state's Medi-Cal programs, providers of developmental disability services, and In-Home Supportive Services program.
 - b. Eliminates funding to forgive the retroactive recoupment related to rate freezes pursuant to AB 97 for distinct-part nursing facilities, and funding to research a capped enrollment program for undocumented adults in the Medi-Cal program.
 - c. Provides \$1 million for the Caregiver Resource Centers.
 - d. Includes provisional language specifying that grants to the Robert F. Kennedy Health Plan and LifeLong Medical Care will be funded by the Major Risk Medical Insurance Fund.
 - e. Reduces funding for the implementation of the new federal Fair Labor Standards Act overtime rules (related to the Nursing Facility/Acute Hospital Waiver) to assume a start date of no sooner than October 1, 2015.
2. Department of Public Health
 - a. Eliminates funding for the California Disease Prevention Program; the Lab Aspire Program and microbiologist, and Hepatitis C rapid testing kits.
3. Department of Aging
 - a. Provides \$1 million General Fund for the Long-Term Care Ombudsman Program.

4. Department of Developmental Services

- a. Eliminates rate increases for community-based services and regional centers operations that will be considered in a special session focused on funding sources for the state's Medi-Cal programs, providers of developmental disability services, and In-Home Supportive Services program.
- b. Includes provisional language to require the department to report to the legislative budget committees during the 2016-17 budget process, on its evaluation of the existing rate-setting methodologies for community-based services and supports for persons with developmental disabilities and the regional centers' operations budget core-staffing formula.
- c. Reduces funding for the implementation of the new federal Fair Labor Standards Act overtime rules to assume a start date of no sooner than October 1, 2015.

5. Department of Social Services

- a. Eliminates \$46 million General Fund for a CalWORKs cost-of-living adjustment; \$1 million General Fund to delay the CalWORKs welfare-to-work 24-month clock; and, \$103 million General Fund for the repeal of the Maximum Family Grant.
- b. Provides a \$15 million General Fund augmentation to the CalWORKs Housing Support Program.
- c. Provides an additional \$15 million General Fund for foster parent recruitment and retention; and, includes provisional language that specifies that funds can be used for staffing to provide and improve direct services; for exceptional child needs; for child care for licensed foster parents, approved resource families, and relative caregivers; for intensive relative finding, engagement, and navigation efforts, among others.
- d. Includes provisional language to provide funding to fully offset the seven-percent reduction in In-Home Supportive Services hours.
- e. Eliminates \$66 million General Fund for a Supplemental Security income/State Supplemental Payment (SSI/SSP) grant increase, and \$3 million General Fund for the State Emergency Food Assistance Program.
- f. Provides \$10 million General Fund and associated trailer bill language to provide grants to qualified nonprofit organizations to provide application services to persons residing in California who are eligible for, or to renew, Deferred Action for Childhood Arrivals (DACA) or Deferred Action for Parents of Americans and Lawful Permanent Residents (DAPA) status.

Public Safety

1. Provides \$11 million General Fund for Trial Court Funding for dependency counsel.
2. Reduces funding to the Department of State Hospitals for an expanded Restoration of Competency program by \$6.1 million General Fund, and eliminates \$1.2 million General Fund for positions necessary for the Inspector General to provide independent oversight over the State Hospitals and Developmental Centers.
3. Reduces funding for the Board of State and Community Corrections (BSCC) by \$4 million General Fund for providing grants to local law enforcement agencies that are designed to improve community/peace officer relationships.
4. Provides \$20 million General Fund to BSCC for local law enforcement activities and requires that law enforcement agencies receiving funding provide the state with data on the number of use-of-force incidents that result in hospitalization or death.
5. Eliminates \$5 million in funding for the California Gang Reduction Intervention and Prevention Program.

Fiscal Effect: Together with the Conference Report, adopted by the Legislature on June 15, 2015, this bill results in budgeted General Fund expenditures of \$115.4 billion in 2015-16.

Support: Unknown.

Opposed: Unknown.

Comments: This bill provides for various expenditure adjustments related to the Conference Report, and together with that bill, represents the Legislature's budget.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 94	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 7, 2015 >		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Michelle Baass		

Subject: Budget Act of 2015

Summary: This bill is the omnibus health trailer bill for 2015-16. It contains necessary changes related to the Budget Act of 2015.

Proposed Law: This bill makes the following statutory changes to implement the 2015-16 budget:

1. *Medi-Cal: Coverage for Undocumented Children.* This bill would provide Medi-Cal coverage to children who are otherwise eligible for Medi-Cal except for their immigration status, effective no sooner than May 1, 2016.
2. *Medi-Cal: Elimination of Dental Provider Payment Reductions.* This bill would eliminate the ten percent Medi-Cal payment reductions pursuant to AB 97 (Committee on Budget), Chapter 3, Statutes of 2011, for dental providers effective July 1, 2015.
3. *Hepatitis C Linkage to and Retention in Care Projects.* This bill establishes hepatitis C linkage to care demonstration pilot projects for three years to allow for innovative, evidence-based approaches to provide outreach, hepatitis C screenings, and linkage to, and retention in, quality health care for the most vulnerable and underserved individuals living with or at risk for hepatitis C viral infection.
4. *Syringe Exchange Program.* This bill authorizes the Department of Public Health to purchase sterile hypodermic needles and syringes, and other materials, for distribution to syringe exchange programs.
5. *Pre-Exposure Prophylaxis (PrEP) Access and Outreach.* This bill establishes a PrEP navigator program to develop protocols to conduct outreach to targeted populations, to provide PrEP education to clients and to assess and refer to appropriate clinical care and prevention services.
6. *Robert F. Kennedy Health Plan.* This bill requires the Department of Health Care Services (DHCS) to allocate \$2.5 million Major Risk Medical Insurance Fund on a one-time basis to the Robert F. Kennedy Health Plan for purposes of purchasing stop loss insurance.
7. *LifeLong Community Clinic.* This bill requires DHCS to allocate \$2 million Major Risk Medical Insurance Fund on a one-time basis to the LifeLong Medical Care clinic in Contra Costa County.

8. *Licensing and Certification Long-Term Care Facility Complaint Investigation Timelines.* This bill specifies that the Department of Public Health is required to:
- a. For complaints that involve a threat of imminent danger or death or serious bodily harm that are received on or after July 1, 2016, the department shall complete the investigation within 90 days of receipt. This time period may be extended up to an additional 60 days if the investigation cannot be completed due to extenuating circumstances. If there is an extension, the department shall notify the facility and the complainant in writing of this extension and the extenuating circumstances and document the extenuating circumstances in its final determination. Any citation issued as a result of the complaint investigation shall be issued and served within thirty days of the completion of the complaint investigation.
 - b. For all other categories of complaints received on or after July 1, 2017, the department shall complete the investigation within 90 days of receipt. This time period may be extended up to an additional 90 days if the investigation cannot be completed due to extenuating circumstances. If there is an extension, the department shall notify the facility and the complainant in writing of this extension and the extenuating circumstances and document the extenuating circumstances in its final determination. Any citation issued as a result of the complaint investigation shall be issued and served within thirty days of the completion of the complaint investigation.
 - c. For all complaints received on or after July 1, 2018, the department shall complete the investigation within 60 days of receipt. This time period may be extended up to an additional 60 days if the investigation cannot be completed due to extenuating circumstances. If there is an extension, the department shall notify the facility and the complainant in writing of this extension and the extenuating circumstances and document the extenuating circumstances in its final determination. Any citation issued as a result of the complaint investigation shall be issued and served within thirty days of the completion of the complaint investigation.
 - d. Report on an annual basis (in the Licensing and Certification Fee report) data on the department's compliance with these new timelines.
 - e. Beginning with the 2018-19 Licensing and Certification November Program budget estimate, the department shall evaluate the feasibility of reducing investigation timelines based on experience implementing the timeframes described above.
 - f. States the intent of the Legislature that the department continues to seek to reduce long-term care complaint investigation timelines to less than 60 days with a goal of meeting a 45-day timeline.
9. *Hospital Complaint Investigation Notification.* This bill requires the Department of Public Health to notify the hospital and complainant if any, if an investigation regarding hospital complaints is not completed in the required timeframe. This

notification shall document the extenuating circumstances as to why the investigation has not been completed and the anticipated completion date.

10. *Coordinated Care Initiative: Multipurpose Senior Services Program (MSSP) Transition Timeline.* This bill extends the date in which MSSP transitions from a federal waiver to a managed care benefit in the CCI counties. This bill extends the date to December 31, 2017, but would allow an earlier transition in a county or region when the MSSP site and managed care plan mutually agree they are ready to transition, want to transition early, and have demonstrated that they have met readiness criteria. Existing law states that MSSP would transition after 19 months of MSSP beneficiary enrollment into managed care. This bill also specifies that if CCI is terminated, MSSP would revert to a waiver benefit.
11. *CalHEERS Electronic MAGI Determination.* This bill removes the sunset provision to allow for continued electronic verification of Medi-Cal eligibility information.
12. *Medi-Cal: Ground Emergency Medical Transportation Supplemental Reimbursement Program.* This bill modifies the existing ground emergency medical transportation (GEMT) Supplemental Reimbursement Program in order to maximize federal financial participation for public GEMT provider's services, subject to federal approval.
13. *Health Home Program.* This bill provides the Department of Health Care Services with the authority to establish a Health Home Program (HHP) Account in the Special Deposit Fund within the State Treasury in order to collect and allocate non-General Fund public or private grant funds, to be expended upon appropriation by the Legislature, for the purposes of implementing the HHP pursuant to AB 361 (Mitchell), Chapter 642, Statutes of 2013.
14. *Medi-Cal: Eliminate Nonemergency Emergency Room Copay.* This bill would eliminate the statutory references implementing a nonemergency emergency room copay in Medi-Cal, as this policy has been removed from the Medi-Cal budget. The budget removes the assumption that the state would implement a copayment for nonemergency emergency room usage pursuant to AB 97 (Committee on Budget), Chapter 3, Statutes of 2011 and AB 1467 (Committee on Budget), Chapter 23, Statutes of 2012 which was expected to result in about \$34 million (\$17 million General Fund) savings. This copay has never been implemented as it had not received approval from the federal Centers for Medicare and Medicaid.
15. *Medi-Cal: County Eligibility Administration Cost-of-Living Adjustment (COLA).* This bill suspends the COLA for county eligibility administration for 2015-16.
16. *Limited Benefit and Special Populations Programs Enroller Education.* This bill requires enrolling providers who participate in Every Woman Counts (EWC), Family Planning Access Care and Treatment (FPACT), and IMProving Access, Counseling, and Treatment for Californians with Prostate Cancer (IMPACT), to provide to the enrolling individuals, information on how to apply for insurance affordability programs, in a manner determined by the Department of Health Care Services (DHCS).

17. *Child Health and Disability Prevention (CHDP) Program Dental Referral.* This bill requires CHDP programs and providers to refer all Medi-Cal-eligible children participating in CHDP who are one year of age and older to a dentist participating in the Medi-Cal program, rather than at age three.
18. *Food Safety Stipulated Judgment.* This bill authorizes the deposit into the Food Safety Fund of awards to the Department of Public Health pursuant to court orders or settlements for food safety-related activities.
19. *Genetic Disease Screening Program (GDSP) Prenatal Screening Program.* This bill clarifies that private health insurance plans cannot consider the GDSP Prenatal Screening Program to be an out-of-network provider.
20. *California Gambling Education and Treatment Services (CalGETS).* This bill deletes outdated verbiage related to the CalGETS program.
21. *Investment in Mental Health Wellness Grants.* This bill allows the California Health Facilities Financing Authority to use up to \$3 million in unencumbered Mental Health Wellness Grant funds, authorized by SB 82 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2013, for peer respite programs.
22. *Clinical Laboratories Test Procedures.* This bill authorizes clinical laboratories to use the federally-approved equivalent quality control testing approach until December 31, 2015 and individualized quality control plan commencing January 1, 2016 pursuant to the federal state operations manual adopted by the federal Centers for Medicare and Medicaid Services.
23. *Office of Systems Integration.* This bill requires the Office of Systems Integration to report to the Legislature by April 1, 2017 on the feasibility, benefits, costs, and risks of installing the Modified Adjusted Gross Income (MAGI) Eligibility Decision Engine in all, two, or just one of the SAW Consortia systems.
24. *Covered California Regulatory Authority.* This bill extends Covered California's current emergency regulations rulemaking authority for an additional year until January 1, 2017; extends Covered California's ability to readopt emergency regulations until January 1, 2020 for emergency regulations adopted prior to the effective date of the Budget Act of 2015; and provides limited statutory exemptions from the Administrative Procedure Act's (APA) rulemaking requirements for (i) standard plan designs, and (ii) separate regulations for each procurement.
25. *ADAP Modernization.* This bill updates financial eligibility for AIDS Drug Assistance Program (ADAP) and the Office of AIDS Health Insurance Premium Payment program to consider family size and to increase the income limit of \$50,000 for these programs, which is estimated to be 447 percent federal poverty level (FPL) to 500 percent FPL or \$58,350 for a single individual and \$98,950 for a three-person household.
26. *Medi-Cal: Enrollment Application Assistance Payments.* This bill reallocates any remaining funds for Medi-Cal application assistance payments, for eligible applications submitted through June 30, 2015, to county outreach and enrollment

grants and to extend the date by which county outreach and enrollment grant funds can be spent from June 30, 2016 to June 30, 2018.

27. *Major Risk Medical Insurance Program (MRMIP)*. This bill expedites the MRMIP and Guaranteed Issue Pilot (GIP) reconciliation process.

Fiscal Effect: This bill appropriates \$50 million from the Health Home Program Account to DHCS to implement the Health Home Program.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 104 **Hearing Date:** June 18, 2015
Author: Committee on Budget
Version: January 9, 2015 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Elisa Wynne and Samantha Lui

Subject: Budget Act of 2015.

Summary: This bill makes various statutory changes and appropriations regarding child care and early childhood education and K-14 education, necessary for the implementation of the Budget Act of 2015.

Proposed Law: This bill makes statutory changes to implement the 2015-16 budget. Specifically, this bill:

K-14 Education Crosscutting Issues.

- 1) Appropriates \$3.8 billion in Proposition 98 one-time and settle up funding to pay down the existing mandate backlog. Of this, \$3.2 billion is allocated to K-12 and over \$600 million is provided to community colleges. Includes intent language that these funds be spent on professional development, teacher induction, and supporting implementation of state-adopted academic content standards. Includes language that ensures that school districts and community colleges to not have to remit funding to pay for disallowed costs identified by audits.
- 2) Suspends the Proposition 98 split between K-12 education and the California Community Colleges.

Adult Education

- 1) Establishes the Adult Education Block Grant program to provide adult education services through regional consortia. The Superintendent of Public Instruction and the Chancellor of the Community Colleges jointly approve consortia, including governance structures and funding allocations, with the advice of the Executive Director of the State Board of Education. Of the total funding appropriated for this program in the Budget Act of 2015, the provision of funding to school district adult education programs based on the maintenance-of-effort certification is capped at \$375 million, with the remainder allocated to consortia or consortia members by the superintendent and Chancellor, with the concurrence of the Executive Director of the State Board of Education. The language also specifies that joint powers agencies may participate as adult education consortia members and that older adults may access programs that relate to employment or helping children succeed in elementary and secondary education.

- 2) Provides for the development and collection of outcome data relating to the effectiveness of each adult education consortia in meeting the educational and workforce training needs of adults. Authorizes the Chancellor and Superintendent to collaborate on the development of common outcome data collection, and requires them to report to the Legislature by November 1, 2015 on progress
- 3) Changes references to apprenticeship programs in adult education statutes to pre-apprenticeship training activities conducted in coordination with apprenticeship programs approved by the Division of Apprenticeship Standards. Pre-apprenticeship programs will provide job preparation training courses that will lead into apprenticeship programs

Child Care and Development, Early Childhood Education

- 1) Effective July 1, 2015, provides a five percent increase to the Standard Reimbursement Rate, which is used to pay providers that contract with the State Department of Education.
- 2) Effective July 1, 2015, establishes the full-day State Preschool rate for the Standard Reimbursement Rate.
- 3) Effective October 1, 2015, provides a 4.5 percent increase, to the Regional Market Rate (RMR) for all counties. The RMR is used to pay providers that accept vouchers.
- 4) Effective October 1, 2015, establishes the RMR ceilings, at the greater of either the 85th percentile of the 2009 RMR survey, reduced by 10.11 percent; or, the 85th percentile of the 2005 RMR survey. These ceilings must be calculated to include the additional 4.5 across-the-board increase, as discussed above.
- 5) Increases, from 60 percent to 65 percent of the family child care home rate, the reimbursement to license-exempt child care providers, effective October 1, 2015.
- 6) Requires that adjustment factors for serving specified infants, toddlers, children with exceptional needs, children with severe disabilities, children at risk of abuse or neglect, or limited-English speaking and non-English speaking children, must apply to a full-day State Preschool program when reimbursement rates are above the full-day State Preschool rate.
- 7) Shifts local educational agencies' "wrap care" into Proposition 98 guarantee.
- 8) Requires CDE to convene a stakeholder group to provide recommendations to streamline data and other reporting requirements for child care and early learning providers, and a separate stakeholder group to examine CalWORKs Stage 2, CalWORKs Stage 3, and Alternative Payment Program child care contract requirements, program and fiscal audits, and the process by which contractors are informed of, and implement, new contract requirements.

- 9) Establishes income eligibility limits for state subsidized child care at 70 percent of the state median income that was in use for the 2007–08 fiscal year, adjusted for family size.
- 10) Eliminates the July 1, 2018, sunset on the San Francisco individualized county child care subsidy pilot program.
- 11) Provides a cost-of-living adjustment to free and reduced price meals served at schools and child care centers.

K-12 Education

- 1) Appropriates \$500 million in one-time funds for educator effectiveness. \$490 million is provided for beginning teacher and administrator support and mentoring; professional development, coaching, and support services for teachers who have been identified as needing improvement or additional support; professional development for teachers and administrators that is aligned to state academic content standards; and activities such as training on mentoring and coaching certificated staff, and training certificated staff to support effective teaching and learning. \$10 million is provided to the K-12 High Speed Network to provide professional development and training related to network management and infrastructure. As a condition of receiving funds, local educational agencies must develop and adopt a plan for expenditure of funds. Funds may be expended through the 2017-18 fiscal year.
- 2) Establishes the California Career Technical Education Incentive Grant Program, a competitive grant program administered by the CDE to provide support for career technical education in grades K-12, and provides \$400 million in 2015-16, \$300 million in 2016-17, and \$200 million in 2017-18 for this program. Provides competitive grants in three size related spans (0-140, 140-550, over 550 average daily attendance). Requires a dollar-for-dollar match from each applicant. Specifies sources of this match, states that these sources do not include funding received through the Career Pathways Trust program. Requires higher weighting of applicants who do not have a Career Technical Education program; serve low-income, English learner, and foster youth students; have a high dropout rate; or are located in areas with high unemployment rates. Requires applicants to submit a three year plan for the funds with specified elements. Allows various local education entities to apply jointly for this funding. Allows renewal grants under specified circumstances.
- 3) Appropriates \$145.5 million to the School Facilities Emergency Repair Account, to fulfill the terms of the *Williams v. State of California* settlement.
- 4) Appropriates \$10 million in one-time funds to a county office of education (or two applying jointly) to provide technical assistance and to develop and disseminate statewide resources that encourage and assist local educational agencies and charter schools in establishing and aligning schoolwide, data-driven systems of learning and behavioral supports for the purpose of meeting the needs of the state's diverse learners in the most inclusive environments possible.

- 5) Requires an annual appropriation of \$2 million to the Los Angeles County Office of Education (LACOE) for professional development and leadership training in anti-bias education and the creation of inclusive and equitable schools.
- 6) Appropriates \$350,000 for support and development of evaluation rubrics through a contract between the CDE and the San Joaquin County Office of Education.
- 7) Appropriates \$50,000 to the CDE for increased 2014-15 district claims for teacher dismissal costs.
- 8) Establishes homeless students as a subgroup for purposes of the unduplicated pupil counts used in Local Control and Accountability Plans.
- 9) Includes intent language that, at full implementation of the Local Control Funding Formula, local educational agencies and charter schools report on the resources and services provided to serve low-income students, English learners, and foster youth, and requires that this information be made available on the CDE website.
- 10) Shifts funding that has gone to home-to-school joint powers agencies to the agencies' member school districts, allows each agency to determine the amount of funding each member district will receive, and requires that funding received by each member district continue to be spent on transportation services.
- 11) Eliminates the transfer of funds from audit exceptions to the Educational Telecommunications Fund.
- 12) Permits, through 2019-20, a phase-in of school district contributions to routine restricted maintenance accounts (no less than 2 percent by 2017-18 and 3 percent by 2020-21) and allows funds to be used for drought mitigation purposes. School districts that received an amount greater than ten percent of school facilities funds from voter-approved bonds are excluded from certain requirements.
- 13) Increases the maximum allowable fee charged by the Commission on Teacher Credentialing for the issuance and renewal of teaching and service credentials from \$70 to \$100.
- 14) Expands eligibility for participation in the Charter School Facilities Grant Program by allowing participation by charter schools which enroll or are located in an attendance area in which 55 percent (instead of 70 percent) of students are eligible for free or reduced-price meals. Allows that determination to be based solely on prior year data. Allows for participation of new charter schools in the program.
- 15) Requires State Preschool programs to improve parental knowledge about identification and treatment for developmental disabilities, and requires that teachers be provided staff development on behavioral strategies and targeted interventions to improve kindergarten readiness.

- 16) Permits students who will turn five years old after the eligibility window for Transitional Kindergarten to be enrolled in Transitional Kindergarten before they turn five years old, and states that this enrollment shall not generate funding for average daily attendance or be included in the enrollment or unduplicated pupil count for purposes of the Local Control Funding Formula until those students turn five years old.
- 17) Removes grade spans for pupil-to-teacher ratios in independent study programs and requires calculations of the ratios to be based on average daily attendance rather than enrollment.
- 18) Extends the encumbrance period for funding for the Career Pathways Trust program from 2014-15 to the 2016-17 fiscal year.
- 19) Authorizes the CDE to assess fees on publishers of history/social science instructional materials when submitting materials for state adoption review.
- 20) Adds two new approved mandates (Immunization Records/Pertussis and Race to the Top) to the Mandates Block Grant, and creates a consolidated category for suspensions, expulsions, and expulsion appeals.
- 21) Extends, until June 30, 2018, the authority of the Inglewood Unified School District to sell property to repay emergency loans to the state.
- 22) Extends the deadline for the State Board of Education to adopt evaluation rubrics for one year, to October 1, 2016.
- 23) For the 2009-10 and 2010-11 fiscal year, requires that certain allocations from the county Supplemental Educational Revenue Augmentation Fund to be treated as property taxes for purposes of calculating the ratio that determined the pro rata share of the apportionment for a basic aid school district that lost its basic aid status as a result of required property tax transfers to charter schools.
- 24) Provides authority for the appropriation of Proposition 98 General Fund for support of special education programs if the amount of property taxes provided for this purpose from the dissolution of redevelopment agencies is less than estimated amount reflected in the Budget Act of 2015. Identifies funds in satisfaction of the federal special education maintenance of effort.
- 25) Adjusts the LACOE and East San Gabriel Valley Special Education Local Plan Area's (SELPA) LCFF calculations to re-allocate the Home-to-School Transportation add-on for special education transportation services from LACOE to the Home-to-School Transportation add-on of the SELPA's member school districts.
- 26) Adds "maintenance" to the list of activities for which the contractual redevelopment agency pass-through payments can be used, and removes the sunset on these provisions.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2015-16 budget. In addition, this bill makes multiple appropriations totaling \$4.9 million.

Support: Unknown.

Opposed: Unknown.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No:	AB 105	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015 Introduced		
Urgency:	No	Fiscal:	Yes
Consultant:	Elisa Wynne		

Subject: Budget Act of 2015.

Summary: Repeals and revises numerous provisions of the Education Code to conform to the adoption of the Local Control Funding Formula (LCFF), and appropriates \$5.994 billion for the purpose of the LCFF.

Proposed Law:

- 1) Repeals sections made obsolete by the LCFF, including:
 - a) Revenue limit deficit factor reductions.
 - b) Revenue limit equalization adjustments.
 - c) Revenue limit apportionment adjustments for attendance reporting errors.
 - d) Inflation adjustments for county office of education programs.
 - e) Computation of revenue limits for Regional Occupational Centers and Programs (ROC/P).
 - f) Revenue limit PERS adjustments to reflect decreased employer contributions
 - g) Adjustments to county office of education revenue limits per unit of average daily attendance.
 - h) Revenue limit adjustments for small elementary school districts.
 - i) Computation for concurrent enrollment in nonpublic high schools and ROC/Ps.
 - j) Criteria for computation of base revenue limits for specified elementary school districts.
 - k) Adjustments for 1993-94 and 1995-96 fiscal year revenue limits.
 - l) Equalization adjustments for certain fiscal years between 1995-96 and 2011-12.

- 2) Repeals sections relating to programs which have been rolled into the LCFF, including:
 - a) Juvenile court schools operated by county superintendents of schools.
 - b) Small community school categorical funding.
 - c) Pregnant minors programs operated by county superintendents.
 - d) Instructional materials incentive program.
 - e) Allocations of funds for county office of education site visits.
- 3) Adjusts timelines to better conform with the process of developing Local Control and Accountability Plans (LCAP) and local educational agency budgets, including:
 - a) Adoption, public review, and approval by the superintendent of the annual budget.
 - b) Budget review committee review of proposed budget.
 - c) Response to disapproval of budget by the review committee.
- 4) Repeals sections that applied only to past fiscal years, including:
 - a) Duties of the Superintendent of Public Instruction for the 1988-89 fiscal year.
 - b) Employer retirement contributions for the 1994-95 fiscal year.
 - c) Portion of attendance consisting of excused absences for the 1996-97 and 1997-98 fiscal years.
- 5) Makes technical changes such as updating article titles, removing references to repealed sections, and aligning references to the LCFF, including:
 - a) Removing references to repealed instructional materials program.
 - b) Removing references to repealed school library program.
- 6) Appropriates \$5.994 billion for the purpose of the LCFF.

Background:**Existing Law:**

1. Establishes the LCFF, which replaced the prior revenue limit and categorical funding structure for K-12 education finance. The formula is comprised of a base grant (general purpose funding), supplemental grants (funding for English learners, low-income students, and students in foster care) and concentration grants (additional funding for local educational agencies with high numbers of English learners, low-income students, and students in foster care).

2. Establishes accountability requirements through the development and adoption of Local Control and Accountability Plans (LCAPs), which require the reporting of detailed student achievement data and information related to the expenditure of LCFF allocations. Statute further requires the State Board of Education to adopt a template for use by local educational agencies in developing LCAPs.

Support: Unknown

Opposed: Unknown

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 106 **Hearing Date:** June 18, 2015
Author: Committee on Budget
Version: January 9, 2015 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Samantha Lui

Subject: Budget Act of 2015: Human Services Trailer Bill.

Summary: Provides for statutory changes necessary to enact human services-related provisions of the Budget Act of 2015.

Background: As part of the 2015-16 budget package, Assembly Bill 106 makes statutory changes to implement the budget act.

Proposed Law: AB 106 makes the following statutory changes to implement the 2015-16 budget.

Federal immigration assistance. On November 20, 2014, President Obama issued executive orders that expanded the population eligible for Deferred Action for Childhood Arrivals (DACA) program, and to include new Deferred Action for Parents of Americans (DAPA). Effective January 1, 2016, trailer bill:

1. Requires that the department must provide grants to qualified non-profit organizations who meet the definition of the Internal Revenue Service 501(c)(3) and 501(c)(5).
2. Specifies the types of services that a nonprofit organization may provide, including:
 - a. Services to assist with the application process for initial or renewal of deferred action under the DACA policy or the DAPA policy;
 - b. Services to provide legal training and technical assistance to eligible non-profits;
 - c. Services to help obtain other immigration remedies for people receiving DACA or DAPA application assistance;
 - d. Services to assistance with naturalization or appeals that arise from the process.
3. Defines the services that can be provided that assist the application process to include: outreach, workshop presentations, document review, Freedom of Information Act requests, and screening services to assist individuals with DACA, DAPA, naturalization, or other immigration remedies.
4. Defines "legal training and assistance" to include webinars, in-person trainings, and technical assistance in the form of answering questions via email, fax, or phone
5. Requires that grants awarded must fulfill specified criteria, including:
 - a. For nonprofits under 501(c)(3) or 501(c)(5) status, have at least three years of experience handling immigration cases; have conducted trainings

- on immigration beyond staff persons; and are accredited by the Board of Immigration Appeals under the U.S. Department of Justice's Executive Office for Immigration Review, or be a Trust Fund Program administered by the State Bar of California
- b. For a legal services organization that provides legal training and technical assistance, have at least ten years of experience conducting immigration legal services and receive funding by the Trust Fund Program administered by the State Bar of California.
6. Requires grant recipients maintain adequate legal malpractice insurance.
 7. Requires the department to report to the fiscal legislative committees the following information:
 - a. Implementation timeline;
 - b. Participating entities awarded contracts and grants;
 - c. Number of applications submitted;
 - d. Types of services provided and in what language;
 - e. Ethnic communities served; and
 - f. Identification of further barriers and challenges to immigration assistance and legal services related to naturalization and deferred action.
 8. Limits the amount of grant funds available to be advanced to a qualified nonprofit to 40 percent.
 9. Requires the department, subject to available Budget Act funding, provide grants to organizations that provide free education and outreach information, services, and materials.
 10. Define the terms "education" and "outreach" to include referrals to educational or legal services that support an applicant's eligibility for citizenship or deferred action, and the importance of participating in civic engagement as a naturalized citizen. Education and outreach activities are prohibited from including representation as legal counsel that assists in the application process.

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

1. Housing Support Program (HSP). SB 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, established the CalWORKs Housing Support Program and provides \$20 million (\$12 million General Fund) ongoing to specified counties to provide evidence-based interventions to families receiving CalWORKs who are at risk for homelessness, or are homeless. Services could include landlord outreach, housing search and placement, legal services, and housing barrier assessment. Trailer bill language contains the following provisions:
 - a. Requires the department to award funds, according to criteria developed by the department in consultation with the County Welfare Directors Association, to provide CalWORKs housing support to recipients who are experiencing homelessness or housing instability.
 - b. Authorizes counties to continue providing housing support under the CalWORKs Housing Support Program to a recipient who may no longer be income eligible for CalWORKs.
 - c. Other technical, non-substantive changes.

2. Child support pass-through for long-term sanction cases. Federal law prohibits the Department of Child Support Services from passing collected child support through to the state on behalf of non-Temporary Assistance to Needy Families (TANF) families and requires payments be made directly to the family. In contrast, state law requires families to assign support rights and requires counties to refer families on CalWORKs to the Local Child Support Agencies. This bill resolves the federal and state law conflicts, and exempts long-term sanction cases from assigning their child and spousal support rights to the state/county. Funding for these cases is switched to non-maintenance of effort General Fund, so these cases will no longer assign their child support to the state. As a result, the Department of Child Support Services will no longer be required to track these cases.

3. Mid-Year Reporting Requirement. Previous law requires a CalWORKs recipient to report a drug felony conviction, as specified, within ten days. Senate Bill 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, made eligible adults who were previously ineligible for benefits due to a prior felony drug conviction, effective April 1, 2015. AB 106 deletes an outdated mid-period reporting requirement that is no longer applicable.

Community Care Licensing. The bill includes provisions pertaining to the Community Care Licensing (CCL) division within DSS. Specifically, the bill establishes inspection frequency, by facility type. The language increases the frequency of inspections from the current level of at least once every five years, to once every three years for child care facilities; once every two years for children’s residential facilities; and annual inspections for adult and senior care facilities. The table compares current law to the new inspection requirements, by facility type and over time.

Facility Type	Current Law			
		Stage 1: January 2017	Stage 2: January 2018	Stage 3: January 2019
	Inspections must occur at least once every. . .			
Child care facilities	5 years	3 years	3 years (unchanged from stage 1)	3 years (unchanged from stage 1)
Children’s residential care facilities	5 years	3 years	2 years	2 years (unchanged from stage 2)
Adult and senior care facilities	5 years	3 years	2 years	1 year

The CCL division will continue to conduct random inspections on at least 30 percent of all facilities annually, as is current practice.

Child Welfare Services. The bill contains the following provisions pertaining to child welfare services, including:

1. Approved Relative Caregiver (ARC) program. Senate Bill 855 (Budget and Fiscal Review), Chapter 29, Statutes of 2014, established the Approved Relative Caregiver Option Program and provided an ongoing annual appropriation of \$30

million GF, to be adjusted annually by CNI. Under the ARC program, relative caregivers receive an applicable regional per-child CalWORKs grant, plus the General Fund portion in an amount that provides a rate equal to the basic foster family home rate (based on the age of the child). Participating counties are provided General Fund, based on the a county's number of eligible approved relative caregiver placements in the county as of July 1, 2014. If the county-specific ARC caseload exceeds the baseline caseload of July 1, 2014, the county must be responsible for making the full ARC payments and responsible for the county-share of the CalWORKs payment. The language streamlines the application process for grant payments, maximizes federal funding, and ensures that families do not experience a break in services or payment. Specifically, the language specifies:

- a. Foster children and non-minor dependents (NMDs), who are eligible to receive an approved relative caregiver (ARC) payment will be placed into a separate assistance unit.
 - b. The CalWORKs portion of the payment will be the exempt maximum aid payment for an assistance unit of one.
 - c. If the approved relative caregiver is needy, his or her assistance unit size will include the number of ARC children, or NMDs, only for purposes of determining program income and eligibility of the CalWORKs assistance unit. For purposes of calculating the grant amount for the needy caregiver, the ARC child and NMD is excluded.
 - d. Foster care resource limits will be used to determine eligibility of an ARC child and NMD.
 - e. Overpayments will be collected pursuant to existing foster care program requirements.
 - f. County of court jurisdiction has payment responsibility for ARC children and NMDs.
 - g. An approved relative caregiver is exempt from Statewide Fingerprint Imaging Systems, reporting, immunization, and other CalWORKs requirements.
 - h. The General Fund (GF) appropriation must be increased annually by an amount greater than the CNI to ensure that the caregiver payments get a full California Necessities Index (CNI) adjustment.
 - i. The GF portion of the ARC payment may be countable towards maintenance-of-effort (MOE), only if the GF is not counted as MOE for another purpose.
 - j. The department must presume that counties have opted-out of the program if funding for the base period is reduced under specified conditions, unless a county notifies the department in writing of its intent to opt-in within 60 days of the enactment of the state budget.
 - k. In a circumstance whereby a county decides to no longer participate in the ARC program, the county must provide at least 90 days notice to the approved relative caregiver(s) that the per child per month payment will be reduced, and the date the reduction will occur.
2. Intensive Treatment Foster Care (ITFC) rate extension. ITFC offers an alternative, family-like setting for foster children who would otherwise be placed in group homes Rate Classification Level (RCL) 9 through 11. SB 1013 (Budget and Fiscal Review Committee), Chapter 35, Statutes of 2012, authorized the

Continuum of Care Reform (CCR) effort to develop recommendations related to the state's current rate setting system, and to services and programs that serve children and families in the continuum of Aid to Families with Dependent Children-Foster Care (AFDC-FC) eligible placement settings. In addition, SB 1013 provided for an interim increase in rates, including a California Necessities Index increase, intended to ensure providers keep pace with the costs of providing care, recruitment, and retaining qualified foster caregivers for children needing intensive treatment in a home-based setting. Trailer bill language that includes the following provisions:

- a. Extends, from June 30, 2015 to December 31, 2016, the applicable interim period for specified modified service and rate levels, which support modified in-home support counselor hours per month, apply.
- b. Extends, from June 30, 2015 to December 31, 2016, the interim period for which specified modified serve and rate levels, that support the modified standard rate schedule, apply.
- c. Requires the rate for the modified standard rate be adjusted for the California Necessities Index on July 1, 2015, and on July 1, 2016.

Adult Protective Services. The department shall, to the extent funding for this purpose remains with the department, establish one full-time position which reports to the director to assist counties with the following functions in their operation of the adult protective services system

1991 Realignment. AB 85 modified 1991 Realignment Local Revenue Fund (LRF) distributions to capture and redirect county savings resulting from the implementation of federal health care reform effective January 1, 2014. AB 85 established the Family Support Subaccount within the LRF beginning in 2013-14. The Family Support Subaccount receives sales tax revenues redirected from the Health Subaccount, which then redistributes the funds to counties for the CalWORKs program. While this redirection mechanism frees up General Fund resources to pay for Medi-Cal costs, according to the Administration, the process to achieve this is significantly burdensome for the State Controller's Office and the Department of Finance. The language eliminates the need to redirect sales and use tax and vehicle license fee revenues between the Health and Social Services Subaccounts and makes other necessary technical and clarifying changes related to AB 85 (Committee on Budget), Chapter 24, Statutes of 2013.

Other issues. The bill also includes additional provisions:

1. Data sharing agreements. Authorizes the Employment Development Department (EDD) to share data with federal, state, or local government departments or agencies, or their contracted agencies, to support social services administration.
2. Suspension of the fingerprint licensing fee exemption. Existing law prohibits the Department of Social Services (DSS) and the Department of Justice from charging a fee to process a criminal history check of individuals who are licensed to operate child and adult facilities, to provide care in a facility, or who reside at that facility. This language authorizes allows DSS to charge fees for this criminal history check and extends this suspension for two additional years.

3. Suspension of the incentives under the Department of Child Support Services (DCSS). The language suspends a) health insurance incentives and b) improved performance incentives.
 - a. Existing law requires the DCSS to provide a health insurance incentive (\$50 per case) to the local child support agency (LCSA) for obtaining third-party health coverage, or insurance, for beneficiaries, if the budget provides GF support for the incentive. Since 2003, these health insurance incentive payments to LCSAs have been suspended. This language suspends the health insurance incentive and the top ten improved performance incentive for two years.
 - b. Existing law requires DCSS to provide to ten counties, which demonstrate the best performance on federal and state performance standards, an additional five percent of the state's share of those counties collections used to reduce or repay aid. Since 2002, these top ten performance incentive payments to LCSAs have been suspended. This language suspends the top ten improved performance incentive for two years.
4. Establishes new successor fund for the California Senior Legislature. The California Fund for Senior Citizens first appeared on the 1983 personal income tax return. Donations to the California Fund for Senior Citizens support the ongoing work of the CSL. In 2014, the California Fund of Senior Citizens received \$229,522 in voluntary contributions. Because it did not meet the minimum contribution amount of \$250,000, it fell off the tax check-off for the 2014 tax return. Trailer bill language that establishes the California Senior Legislature Fund as the successor fund of the California Fund for Senior Citizens.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2015-16 budget. In addition, the bill would appropriate \$30 million General Fund, effective January 1, 2016, for the Approved Relative Caregiver Program.

Support: None on file.

Opposed: None on file.

Comments: This bill provides the necessary statutory references to enact the 2015-16 budget related to human services.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 107	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015	Fiscal:	Yes
Urgency:	No		
Consultant:	Mark Ibele		

Subject: Budget Act of 2015: Earned Income Tax Credit.

Summary: This bill is necessary for the enactment of the 2015 Budget Act and would establish a refundable tax credit for eligible individuals based on a certain percentage of earned income up to a specified amount.

Background: The measure would create a state Earned Income Tax Credit (EITC), providing a refundable tax credit for wage income. It would focus on households with incomes less than \$6,580 if there are no dependents and up to \$13,870 if there are three or more dependents. The proposed state program dovetails with the existing federal EITC and would match 85 percent of the federal credits, up to half of the federal phase-in range, and then begin to taper off relative to these maximum wage amounts. The credit would be available beginning with tax returns filed for wages earned in 2015, and is expected to reduce revenues by \$380 million annually beginning in 2015-16. It will benefit an estimated 825,000 families and two million individuals. The estimated mean household benefit is \$460 per year, with a maximum credit for a household with three or more dependents of over \$2,600. The proposed state EITC is intended to complement the federal EITC. The Franchise Tax Board (FTB) would be assigned responsibility for administering the proposed EITC program.

Proposed Law: The bill would establish an EITC credit, specifically:

- a. Establish a refundable credit for tax years beginning on or after January 1, 2015 against personal income taxes owed based on earned wage income, which does not include self-employment income.
- b. Provide for the calculation of a credit amount during a phase-in range of earned wage income according to specified percentages based on the number of qualifying children.
 - i. The credit percentage would be 7.65 percent for individuals without qualifying children, 34 percent for individuals with one qualifying child, 40 percent for individuals with two or more qualifying children, and 45 percent for individuals with three or more qualifying children.
 - ii. The phase-in range would be for earned wage income of up to \$3,290 for individuals without qualifying children, \$4,940 for individuals with one qualifying child, and \$6,935 for individuals with two or more qualifying children.

- c. Provide for the calculation a phase-out of the credit when earned wage income reaches a certain threshold amount. The credit is phased out by an amount determined by multiplying the applicable phase-out percentage by the excess of the amount of the individual's adjusted gross income (earned wage income plus certain other income) over the phase-out amount. The inclusion of additional income during the phase-out period results in a more rapid loss of the credit amount than there was a gain in the credit during the credit phase-in period.
 - i. The phase-out percentage would be 7.65 percent for individuals without qualifying children, 34 percent for individuals with one qualifying child, 40 percent for individuals with two or more qualifying children, and 45 percent for individuals with three or more qualifying children.
 - ii. The phase-out amount would be \$3,290 for individuals without qualifying children, \$4,940 for individuals with one qualifying child, and \$6,935 for individuals with two or more qualifying children.
- d. Establishes that the credit amount is to be multiplied by the adjustment factor to determine the amount of the actual credit, with the adjustment factor specified in the annual budget act. Unless otherwise specified, the adjustment factor would be zero percent. The Administration has proposed 85 percent as the adjustment factor in 2015-16.
- e. Specifies that the tax credit would be operative only for taxable years for which resources are authorized in the annual budget act for the Franchise Tax Board to administer the program.
- f. Sets forth that if the amount of allowable credit exceeds an individual's tax liability, the balance shall be paid to that individual from the Tax Relief and Refund Account, which is continuously appropriated.
- g. Provides for a re-computation of the earned wage income amount and the phase-out amount based on inflation, in the same manner as the re-computation of income tax brackets under the personal income tax law.
- h. Provides that disqualified income from interest and dividends, royalties and other similar sources in excess of \$3,400 shall make an individual ineligible for the EITC, with this amount adjusted in the same manner as indicated in (g) above.
- i. Specifies the failure to be diligent in determining eligibility for the EITC can result in a penalty of \$500 for false claims for refund.
- j. Includes annual reporting requirements of the Franchise Tax Board relating to the usage of the credit, average credit, distribution of the credit by income and number of dependents, and estimate of the impact on poverty.
- k. Includes uncodified language expressing the Legislature's intent to expand the EITC, as the state's fiscal situation allows.

- I. Contains a continuous appropriation for the refundable tax credit.

Fiscal Effect: Refundable amounts would be continuously appropriated from the Tax Relief and Refund Account, and are expected to total \$380 million during 2015-16 based on an adjustment factor of 85 percent incorporated in the 2015 Budget Act..

Support: None on file

Opposed: None on file

Comments: The federal EITC has long been regarded as an effective and efficient program to direct resources to low-income households while theoretically providing work incentives. State EITCs, including the one proposed by the Governor, may channel additional resources towards low-income families, but are likely to have only a marginal work incentive effect, due to the credit amount available. While the maximum credit under the Governor’s proposal is around \$2,600, Department of Finance indicates that the mean credit is about \$460. In discussions with staff, Department of Finance indicated that the median—arguably a more suitable measure of central tendency of the credit—is “probably between \$150 and \$200.” (The median is the midpoint at which 50 percent of households would receive more and 50 percent less than that amount.) The design of the state EITC dovetails with the design of the federal EITC and is targeted at the lowest income population. As noted, the program does not include self-employment income, which is likely to result in the exclusion of the earnings of some individuals and disqualification of other individual entirely.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 108	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015	Fiscal:	Yes
Urgency:	No		
Consultant:	Anita Lee		

Subject: Budget Act of 2015: Higher Education Trailer Bill

Summary: This bill provides for statutory changes necessary to enact postsecondary education-related provisions of the Budget Act of 2015.

Background: This bill makes the following statutory changes to implement the 2015-16 budget. Specifically, this bill:

1. *State Authorization for Regional Occupational Programs.* Authorizes the Superintendent of Public Instruction (SPI), for purposes of participation in Title IV of the federal Higher Education Act of 1965, which authorizes federal student financial assistance programs, to: (1) certify by name, a regional occupational center and program, or a county office of education or an adult education program to legally authorize the center, program or county office to provide an educational program beyond secondary education, including an education program that leads to a degree or certificate; (2) adopt regulations that authorize a complaint process under the Uniform Complaint Procedures (UCPs) outlined in specified regulations; and (3) decertify any program no longer in compliance with specified requirements consistent with federal regulations, among other provisions.
2. *Community College Veterans Access, Choice and Accountability Act.* Requires the CCC and California State University to exempt students from nonresident tuition starting on July 1, 2015, if they meet all of the following requirements: (1) student resides in California; (2) student meets the definition of "covered individual," as defined under Title 38 of the US Code, federal statute; and (3) student is eligible for education benefits under either the federal Montgomery GI Bill or Post 9/11 GI Bill program, and are continuously enrolled at the campus they attend.
3. *Cal Grant Maximum Award.* Delays, by two years, a reduction in the maximum amount of the Cal Grant A and B awards for students attending private, non-profit colleges or accredited for-profit colleges in 2015-16 and 2016-17. In 2015-16 and 2016-17, eligible students will receive \$9,084 for tuition expenses each year.
4. *Community College Foster Care Education Program.* Requires funds appropriated to the board of governors for the Foster Care Education Program to be used for foster parent and relative/kinship care provider education as specified by the chancellor, in consultation with an advisory committee. Specifies that each college receiving funds for this program shall have a plan for foster parent and relative/kinship care provider

education that includes provisions of training, and complies with all reporting requirements, guidelines and other conditions specified by the chancellor.

5. *CCC Reporting Requirements.* Codifies various reporting requirements for the Student Success and Basic Skills Students program, the Student Financial Aid Administration program, technical assistance provided to community college districts pursuant to the Student Success and Support Program, and the Telecommunications and Technology program. Requires the Chancellor to annually submit reports for the prior fiscal year to the Department of Finance and the Legislature by December 31.
6. *CCC Adjust Base Allocation.* Authorizes the Chancellor's Office to adjust the general apportionment formula to recognize funds appropriated to address increased operating costs and to improve instruction. Authorizes the Chancellor's Office to make conforming adjustments to the community college budgetary standards and criteria, and requires the chancellor to notify the Department of Finance and the Legislature of the specific adjustments made.
7. *CCC Local Property Tax Revenues and Education Protection Account.* Provides the Department of Finance the authority to modify and update Proposition 98 General Fund appropriations to CCC based on updated revenue estimates for redevelopment agencies and Education Protection Account (Proposition 30). Proposition 98 General Funds would be used to offset any difference between (1) estimated revenues for community colleges from redevelopment agencies and the Education Protection Account (Proposition 30) and (2) the amounts distributed to colleges from these sources by June 30. This change will allow districts to have more certainty when preparing their fiscal plans.
8. *Career Technical Education Pathways Program.* Extends the sunset date for the Career Technical Education Pathways Program from June 30, 2015 to July 1, 2016, and appropriates forty eight million dollars (\$48,000,000) one-time Proposition 98 funds for the program.
9. *CSU Capital Outlay Reporting Timeline.* Makes changes to California State University's capital outlay program to better align its reporting to the Department of Finance on proposed capital projects with the timing of Board of Trustees' decisions.
10. *State Authorization for Private Colleges and Universities.* Responds to new federal regulations by authorizing private colleges and universities to operate in the state, and sets up a complaint process for students through the Board of Private Postsecondary Education.
11. *CCC Deferred Maintenance, Instructional Equipment and Drought Resistance Projects.* Provides \$48 million one-time Proposition 98 General Fund for deferred maintenance, instructional equipment and drought resistance projects at community colleges. The funding will be distributed on a per-student basis.
12. *Innovation Awards Funding Shift.* Shifts \$23 million in 2014-15 funding from the Innovation in Higher Education Awards program from the General Fund to

Proposition 98 General Fund, to reflect the amount of awards distributed to community colleges.

13. *UC Merced Project Savings.* Allows the University of California to use project savings from the UC Merced Classroom and Academic Office Building project to cover potential deficiencies in the construction phase of the same project.
14. *Competitive Cal Grants.* Increases the number of competitive Cal Grants by 3,250 awards for a total of 25,750 awards. Eligibility for Competitive Cal Grant awards is geared toward nontraditional students who did not go to college right after high school, do not depend on their family for financial support or are returning to college for career training.
15. *CCC Baccalaureate Degree Program.* Provides \$6 million to the Chancellor's Office to implement Baccalaureate Pilot Program established pursuant to Senate Bill 850 (Block), Chapter 747, Statutes of 2014. These funds may be used to support professional development activities.
16. *Eligibility study.* Provides \$1 million from the General Fund to establish and implement a new freshman eligibility study pursuant to legislation enacted in 2015-16 to determine if admission requirements at the University of California and California State University are consistent with the state's 1960 Master Plan for Higher Education.
17. *Middle Class Scholarship.* Amends the Middle Class Scholarship program to exclude students with family assets over \$150,000, sets a four- or five-year time limit for the program similar to limits imposed in the Cal Grant program, and allows income and asset limits to increase with the Consumer Price Index. Also, reduces statutory appropriations for the program in the 2015-16, 2016-17, and 2018-19 fiscal years and states legislative intent that those savings be redirected to other higher education programs.
18. *University of California Capital Outlay.* Expands the University of California's capital outlay program by allowing it to use its General Fund appropriation to make availability payments on capital expenditures. Also requires the university to use this funding structure for the UC Merced 2020 project, as long as work traditionally performed by UC employees continues to be performed by UC employees.
19. *Basic Skills Partnership Pilot Program.* Creates the Basic Skills Partnership Pilot Program, which will provide five community college districts with \$2 million grants each to develop partnerships among schools districts, community colleges and California State University campuses to develop improved strategies to provide remedial education for underprepared college students.
20. *Basic Skills and Student Outcomes Transformation Program.* Creates the Basic Skills and Student Outcomes Transformation Program, which will provide \$60 million Proposition 98 General Fund to assist community college districts in improving the delivery of basic skills instruction.

21. *College Access Tax Credit.* Amends the College Access Tax Credit program to add a new College Access Tax Credit for one year in tax year 2017 under the Insurance Gross Premiums Tax and Corporation Tax; adds the College Access Tax Credit to the list of tax credits that can reduce the Tentative Minimum Tax under the Alternative Minimum Tax calculations for Personal Income and Corporation Tax; and continuously appropriates the fund to the California Student Aid Commission to award supplemental Cal Grants; and other technical changes.
22. *Apprenticeship Reporting.* Requires the Community College Chancellor's Office to report to the California Apprenticeship Council within 30 days of each apportionment period, information regarding the hourly rate paid to local educational agencies and community colleges, and the number of instruction hours allocated to, and reported by, each local educational agency and community college.
23. *Apprenticeship Allocation Deadline.* Requires the Community College Chancellor's Office to notify local education agencies and community colleges of upcoming allocation amounts within 30 days of the enactment of the Budget Act.
24. *Innovative Apprenticeship Program.* Allows the Community College Chancellor's Office to work with the Division of Apprenticeship Standards to develop and implement innovative apprenticeship programs in high-growth industries.
25. *New Campus Study.* Requires the Legislative Analyst's Office to study and report on whether there is a long-term need for a new California State University or University of California campus, and if there is a need, where campuses would be needed.
26. *State Mandates.* Establishes that if the Commission on State Mandates determines that acts in this bill are costs mandated by the state, reimbursement would occur through the mandates process.

Fiscal Effect: Statutory changes contained in this bill, including appropriations, are consistent with the 2015 budget package.

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2015-16 budget related to higher education.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 109	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015	Fiscal:	Yes
Urgency:	Yes		
Consultant:	Peggy Collins		

Subject: Budget Act of 2015.

Summary: AB 109 is the developmental services trailer bill to the Budget Act of 2015.

Proposed Law: AB 109 makes the following statutory changes, related to developmental services, necessary to implement the 2015 budget act.

1. *Sick Leave Requirements.* Authorizes rate adjustments to reflect the costs associated with the implementation of AB 1522 (Gonzalez), Chapter 319, Statutes of 2014, for community-based service programs that do not currently provide sick leave benefits to employees.
2. *Fair Labor Standards Act.* Current law provides for a rate increase to supported living providers, in-home respite providers and personal assistants upon the implementation of federal FLSA regulations regarding overtime pay. This bill would require DDS, upon the implementation of these regulations, to consult with system stakeholders to evaluate the impact of the regulations on consumers and providers.
3. *Disparities in Service Delivery.* Requires regional centers to provide a written copy of an individual program plan (IPP) to a consumer or other specified individuals in a threshold language, if requested, within 45 days. Requires regional centers to report on the number of instances when the provision of a written IPP to a consumer or other specified individuals in a non-threshold language has exceeded 60 days. Requires regional center performance contracts to include the measurement of progress in reducing disparities. Requires the department to consult with stakeholders to interpret data, identify barriers to equitable access to services, and develop recommendations. Requires the department to report on the above efforts during the 2016-17 budget process.
4. *Institutions for Mental Disease (IMD).* Clarifies the responsibility of a regional center when a consumer is placed in an IMD, regardless of who makes the placement. Requires an IMD to notify a regional center when it is known that a person placed in the facility is a regional center consumer. Requires the collection and reporting of specified information regarding consumers placed in IMDs.

5. *Enhanced Behavioral Supports Homes*. Current law creates a pilot program, until January 1, 2020, to provide enhanced behavioral supports in a homelike community setting. Current law limits DDS approval to six such homes in each fiscal year. This bill removes the six home limitation.
6. *Self-Determination Program*. Clarifies that persons moving from a developmental center are eligible to participate in the self-determination program and allows the Department of Finance, upon the request of DDS, and following notification to the Joint Legislative Budget Committee, to increase the number of participants above the existing 2,500 cap.
7. *Delayed Egress/Secured Perimeter Community Facilities*. Removes requirement that these facilities be eligible for federal funding participation; caps number of total beds that can be developed statewide at 150; requires a minimum of 50 beds for persons deemed incompetent to stand trial (IST); generally limits the number of beds per facility to six, except one half of the facilities serving IST placements may be up to 15 beds; makes other changes relative to health and safety safeguards.
8. *Porterville Developmental Center (PDC) – Secured Treatment Program/Transitional Treatment Program*. Increases the cap on beds in the Secured Treatment Program at PDC from 170 to 211. Maintains the cap on beds in the Transitional Treatment Program at 60. Clarifies who can be served in these programs and the activities that will occur related to transition planning. Requires the department to report to the Legislature, on March 1, 2016, on these residents.
9. *Developmental Center Closure Plan(s)*. Existing law requires that whenever DDS proposes the closure of a developmental center, it must submit a detailed plan to the Legislature no later than April 1 immediately prior to the fiscal year in which the plan is to be implemented. This bill expands the requirements of that plan to include: expanded discussion on alternative uses for state staff in serving persons with developmental disabilities following a closure; a requirement that the department confer with the county in which the developmental center is located; a requirement that the department consider recommendations for the use of the developmental center property; a description of resident characteristics; a description of stakeholder input; a description of the unique and specialized services provided by the developmental center; a description of the assessment and community placement processes; a description of how clients' rights advocacy services will transfer from the developmental center to the community; and a description of how the well-being of residents will be monitored during and following a move to the community. Additionally, this bill requires that by October 1, 2015, the department shall submit a plan or plans to close one or more developmental centers. This plan shall meet the criteria described above and must be posted on the department's website. States that the plan may be modified during the legislative review process, including changes based on stakeholder and county-designated advisory group comments. States that implementation of the plan is contingent upon legislative approval as part of the legislative budget process during the 2016-17 Regular Session of the Legislature. Authorizes the department to develop community resources and

engage in activities for transitioning developmental center residents to the community, utilizing funds provided in the budget act for this purpose. Requires the department to provide quarterly updates to legislative staff throughout the closure process.

10. *Developmental Center Closure Savings.* States Legislative intent that General Fund savings derived from the closure of state developmental centers benefit persons with developmental disabilities living in the community. Requires DDS to display annually in its budget estimates all General Fund savings or gains reasonably associated with the downsizing or closure of a developmental center and all community development funds reasonably associated with the downsizing or closure of a developmental center, including the costs associated with the development and provision of services and supports for persons moving from a developmental center or at risk of institutionalization.
11. *Housing on Developmental Center Property.* Allows the director of General Services, with the consent of the director of DDS, to lease up to 20 acres located within the grounds of Fairview Developmental Center for a period not to exceed 55 years, for the purpose of a housing development. A minimum of 20 percent of the housing units would be required to be available and affordable to persons with developmental disabilities served by a regional center. Lease revenues or other proceeds under the lease would be utilized by the DDS to support individuals with developmental disabilities, including rent subsidies. Requires DDS, or its designee, to provide management oversight and administration over the housing for persons with developmental disabilities, and sets other requirements.
12. *Appropriation.* Appropriates \$61.5 million General Fund for shortfalls in 2011-12 and 2012-13 fiscal years. The shortfalls are the result of an overestimate of reimbursements not adjusted for cost-containment proposals enacted during those fiscal years and lower than anticipated savings from the private insurance coverage of behavioral health therapy required by SB 946 (Steinberg), Chapter 650, Statutes of 2011.

Fiscal Effect: This bill includes an appropriation of \$61.5 million General Fund for the purpose described above. Funding for other costs associated with this bill is included in the 2015 budget act.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 110 **Hearing Date:** June 18, 2015
Author: Committee on Budget
Version: January 9, 2015 Introduced
Urgency: Yes **Fiscal:** Yes
Consultant: Catherine Freeman

Subject: Resources Budget Act of 2015.

Summary: This bill makes various changes to implement the resources, environmental protection, energy, and agriculture budget actions adopted as part of the 2015-16 budget package.

Background: As part of the 2015-16 budget package, AB 110 makes various statutory changes to implement the budget act.

Proposed Law: This bill includes the following key changes.

1. Department of Toxic Substances Control Accountability. Provides for the establishment of an independent review panel to oversee the department's permitting and enforcement backlog and to advise the department on performance measures.
2. New Solar Homes Partnership Program. Allows the California Public Utilities Commission to select the State Energy Resources Conservation and Development Commission as the continuing administrator of the New Solar Homes Partnership Program and provides for a sunset of date of June 1, 2018.
3. California Science Center Phase III. Allows the California Science Center to enter into agreements and leases with the California Science Center Foundation, for the purpose of further construction of the California Science Center Phase III project.
4. Mining Royalties. Requires all funds from mining activities on federal lands to be deposited into a special account for appropriation by the Legislature.
5. Enhanced Fleet Modernization Subaccount. Authorizes funds in the subaccount to be available to the State Air Resources Board, upon appropriation, for implementation and administration of the enhanced fleet modernization program.
6. Power Plant Citing Fees. Allows the State Energy Resources Conservation and Development Commission to administer a fee of \$5,000 for existing certified projects that are amended, plus the cost to reimburse the commission for review of a permit up to \$750,000, as adjusted for inflation.

7. Payment In-Lieu of Taxes. For state lands acquired for wildlife management, the state is authorized to pay counties assessments levied upon the property in lieu of tax revenue that would otherwise be received. This allows the Department of Fish and Wildlife to make these payments, and prohibits allocation of funds to a school district, community college district, or county superintendent of schools.
8. Drinking Water Fee Regulations. Makes various changes to amend the drinking water fees fee schedules and authorizes the State Water Board to adopt fees by emergency regulation.
9. Public Well Logs. Allows well completion reports, filed with the Department of Water Resources, to be made available to governmental agencies and the public, upon request. Allows for the department to charge a fee for provision of the report.
10. Metal Recycling Enforcement. Allows the Department of Toxic Substances Control to regulate and enforce actions related to metal recycling facilities.
11. External Scientific Review. Makes a technical change to remove duplication of external scientific review of public health goals at the Office of Environmental Health Hazard Assessment.
12. Tijuana River. Establishes the Border Region Solid Waste Working Group to develop and coordinate long-term solutions to address and remediate problems associated with waste tires and solid waste along the border in the Tijuana River estuary. Provides for an appropriation of \$300,000 from the Waste Tire Reduction Fund to fund this working group.
13. Soccer Fields. Provides for \$10 million administered for certain Proposition 40 projects to be made available for outdoor education programs.
14. Department of Conservation Oversight and Auditing. Provides for metrics, timelines, and accountability for the Division of Oil, Gas, and Geothermal Administration, and for the Underground Injection Program, as administered by the Department of Conservation.
15. Environmental License Plate Fund Reform. Requires the Administration to establish a working group to discuss the reform and modernization of the Environmental License Plate Fund administration.
16. Technical Adjustment to Oil Gas and Geothermal Administration Fund. Allows the Oil, Gas, and Geothermal Administrative Fund to be allocated to the State Water Resources Control Board for activities directly related to the regulation of water quality relative to the Underground Injection Program at the Department of Conservation.
17. Repatriation Oversight Commission. Shifts the responsibility previously authorized for the Repatriation Oversight Commission to the Native American Heritage Commission.

18. Fireworks Management. Provides necessary authority to allow the State Fire Marshall to manage illegal and dangerous fireworks seized, by contracting with a federally permitted hauler for disposal, or for seized fireworks deemed to not be hazardous waste, to store in a warehouse used for fireworks storage, rather than dispose of them, until January 1, 2016.
19. Net Metering. Increases the amount of renewable energy that may be generated on a military base under the net energy metering category, to the lesser of the following: twelve megawatts or one megawatt greater than the base's historical minimum load.
20. Parks Donations. For donations under \$50,000, removes the requirement for the Department of Finance to review and approve these transactions.

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

Support: None on file.

Opposed: None on file.

Comments: This bill provides the necessary statutory references to enact the 2015-16 budget related to resources, environmental protection, energy, and agriculture.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 111 **Hearing Date:** June 18, 2015
Author: Committee on Budget
Version: January 9, 2015 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Brady Van Engelen / Farra Bracht / Mark Ibele

Subject: Budget Act of 2015.

Summary: This measure makes various statutory changes necessary to implement the state administration related provisions of the Budget Act of 2015.

Background: As part of the 2015-16 budget package, AB 111 makes various statutory changes to implement the budget act.

Proposed Law: This bill includes the following key changes:

1. District Hospitals. Clarifies the identification requirements contract employees that perform services specifically in the emergency department of a district hospital.
2. Surplus Property. Requires that agricultural district associations report their real property information to the Department of General Services, and includes additional reporting requirements associated with the disposition of surplus property.
3. Merger of Missing Children Reward Program with the Restitution Fund. Existing law establishes the Missing Children Reward Fund, which authorizes the California Victim Compensation and Government Claims Board to make cash rewards from the fund to persons that provide information leading to the location of any child listed in the missing children registry. This provision would transfer any remaining funds from the Missing Children Reward Fund to the Restitution Fund, and authorize the provision of cash rewards from the Restitution Fund.
4. Statewide Disability Access. Requires local entities collecting fees associated with the Certified Access Specialist Program (CASP) to report their activities associated with the administration of the program to the Division of the State Architect. The Division of the State Architect would then be responsible for developing a report identifying the total amount of fees collected by each city, county, or city and county.
5. Hazardous Material by Rail. Requires that the Office of Emergency Services, in consultation with relevant local and state agencies, develop and adopt a state fire service and rescue emergency mutual aid plan that would serve as an annex to the State Emergency Plan. This provision also would create the Regional Railroad Accident Preparedness Response Force within the Office of Emergency

Services. The force would be responsible for providing response capabilities in the event of the release of hazardous materials that were being transported by rail. This provision would also require that the Director of the Office of Emergency Services establish a schedule of fees to be paid by any entity owning any of the 25 most hazardous materials, as defined. The fee must be fair, and the Director is required to consider the adjustment of the fee structure every three years. This provision would create an advisory committee that is responsible for the consultation of the fee. This provision creates the Regional Railroad Accident Preparedness and Immediate Response Fund within the state treasury, where the collection of the fees would be deposited. This provision limits the collection into the fund at \$10 million annually, and a total amount not to exceed \$20 million.

6. Human Trafficking Victim Assistance Fund. Creates the Human Trafficking Victim Assistance Fund within the State Treasury. The Office of Emergency Services would be responsible for the administration of the fund, and would distribute grants to non-profit organizations that meet certain criteria.
7. 21st Century Project. Existing law authorizes the State Controller to access funds within the State Treasury for the purposes of implementing a new human resources management system – referred to as the 21st Century Project. This provision would provide the State Controller with authority to access funds within the State Treasury until June 30, 2016.
8. Public Employees' Retirement Provisions. The Public Employees' Retirement Law (PERL) permits a retired person to serve as an elected official without reinstatement from retirement or a loss of benefits, provided that his or her retirement allowance is suspended to the extent that the allowance is based on service in that elective office. The PERL also permits a person retired for disability to serve without reinstatement if the person is below the retirement age for persons in the job and he or she is not disabled for employment. In this circumstance, the PERL prohibits service in the same member classification and requires reduction of the person's disability retirement pension during their employment to an amount that, when added, to his or her compensation equals the maximum compensation earned by a person holding the position that he or she held at retirement. This bill reenacts these provisions regarding service after retirement, on or after the effective date of the California Public Employees' Pension Reform Act of 2013 (PEPRA).
9. Additional Appointments. Further defines the term “additional appointment”, and requires the Department of Human Resources to adopt policies to advise state agencies regarding the procedures and appropriate use of additional appointments.
10. Electronic Recording. The Electronic Recording Delivery Act of 2004 allows for a county recorder, after certain criteria have been met, to create an electronic recording delivery system for digitized and electronic records, which are subject to system certification, regulation, and oversight by the Attorney General. Existing law authorizes the Attorney General to charge a fee directly to a vendor for the purposes described above. Existing law requires that fees paid to the

Attorney General are to be deposited into the Electronic Recording Authorization Account, which is a Special Deposit Fund within the State Treasury. This provision would redesignate the Electronic Recording Authorization Account in the Special Deposit Fund as the Electronic Recording Authorization Fund within the State Treasury.

11. Drought Housing Relocation Assistance. Authorizes the Housing and Community Development Department to provide temporary assistance, under certain circumstances, for persons moving out of a housing unit due to a lack of potable water resulting from the drought. This program sunsets on June 30, 2017. Makes Office of Migrant Services housing centers available for rent by persons or families rendered homeless or at risk of becoming homeless as a result of the drought.
12. Earthquake Loss Mitigation. Recognizes the existence of the California Residential Mitigation Program (CRMP), a joint powers authority created by an agreement in 2012 between the California Earthquake Authority and the Office of Emergency Services. This provision requires that the CRMP design and implement a grant program that will be provided to qualifying homeowners to defray costs associated with a seismic retrofit.
13. Inspection Prioritization. Requires the Division of Occupational Safety and Health to prioritize the investigation of accidents that involve death or serious injury and complaints that allege serious violation over non-serious complaints.
14. Conveyance Inspections. This provision would, for fiscal year 2015-16, suspend the fee for annual inspection of elevators. In fiscal year 2016-17, and every year thereafter, the Director of Industrial Relations, upon concurrence from the Department of Finance, would have the authority to suspend or reduce the fee on a one-time basis when the funds are sufficient in the Elevator Safety Account to meet its purpose.
15. Public Contracts: Public Bidding. This provision would authorize a specific contract between the Office of Planning and Research, the University of California Regents, or an auxiliary organization of the California State University to include a subcontract that is not subject to certain bidding requirements until January 1, 2019.
16. California Immigrant Integration. This provision would establish the Director of Immigrant Integration, under the Office of the Governor, and provide statewide leadership on the administration, assessment, and planning efforts of immigrant integration efforts in California. This provision would also create the immigrant integration fund within the State Treasury.
17. Collection of Charges by Franchise Tax Board. Expands the types of vehicle-related charges that are collected by the Franchise Tax Board (FTB) to include unpaid tolls, toll evasion penalties, or any related administrative or service fees. Under current law, the FTB is responsible for collecting certain delinquencies related to vehicles including registration fees, transfer fees, and parking violation penalties.

18. Prepaid Mobile Telephony Service Surcharge. Addresses certain aspects regarding the administration of the Prepaid Mobile Telephony Service Surcharge (MTS). Specifically, the proposal would:
- a. *De Minimis* Amount. Establish that retailers with MTS annual sales of less than \$15,000 are not required to collect the surcharge or local charge, and allow the Department of Finance to adjust this threshold as necessary.
 - b. General Fund Loan Authorization. Allow for a loan from the General Fund to address cash flow issues and specifies that the loan is to be repaid in the same fiscal year, or delayed until six months after the adoption of the budget act in the subsequent fiscal year.
 - c. Technical Changes and Clarifications. Specify the accounts and funds for the deposit of the surcharge and local charge revenues, clarifies dates regarding the imposition of rates, and indicates the means by which service suppliers are notified of rates.
19. Financial Integrity and Accountability. Updates the oversight and internal control activities of state agencies to reflect appropriate levels and focus of internal controls, as these relate to the Financial Integrity and State Manger's Accountability Act (FISMAA) of 1983. The update would incorporate additional guidance provided by the Government Accountability Office (GAO) as set forth in the agency's *Standards for Internal Control in the Federal Government*, regarding internal controls, effectively, and reliable reporting information, and compliance with applicable laws and regulations. Specific changes include:
- a. Expanding internal controls to fiscal, operational, programmatic, strategic, as well as other factors.
 - b. Mandating objectivity and systematic review for activities related to various monitoring processes.
 - c. Specifying the essential components of an effective internal control system (to include Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.
 - d. Limiting the recipients of the biennial report, to the Legislature, State Auditor, Controller, Director of Finance, plus the Secretary of Government Operations.
20. Local Government Mandates. Requires the Department of Finance, the Secretary of State and the Legislative Analyst's Office to convene a working group to evaluate alternative for funding election mandates, with Department of Finance to release a report of the findings by September 1, 2016. Directs Department of Finance to survey county election practices during years of a statewide general election and report the results of the survey to the Legislature by April of the following year.
21. State Banking Practices. Allows an eligible bank that has been selected by the State Treasurer for the safekeeping of funds, and has its headquarters outside of

California, to submit letters of credit that are drawn on its regional federal home loan bank as security for deposits in demand accounts. Regarding securities to be deposited as security, receipts for securities, delivery of securities, or safekeeping of securities, expands from the Federal Reserve Bank of San Francisco to any federal reserve bank, the participation in such activities.

Fiscal Effect: This bill should not result in any changes to the budget act or related budget actions. The provision referencing drought housing relocation assistance includes an appropriation. This bill has been identified as related to the budget in the Budget Bill.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No:	AB 112	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015	Fiscal:	Yes
Urgency:	No		
Consultant:	Julie Salley-Gray		

Subject: Budget Act of 2015.

Summary: Provides for statutory changes necessary to enact the public safety provisions of the Budget Act of 2015.

Background: As part of the 2015-16 budget package, AB 112 makes statutory changes to implement the budget act.

Proposed Law:

This bill makes the following statutory changes:

1. *Debt Amnesty Program.* Establishes an 18-month amnesty program, which allows individuals with past-due court-ordered debt to receive a reduction in the amount owed if they meet certain eligibility criteria. Allow drivers with suspended licenses to reinstate their licenses as part of the amnesty program.
2. *Drug Interdiction.* Requires an independent evaluation of the effectiveness of the California Department of Corrections and Rehabilitation's (CDCR) enhanced drug interdiction effort. Removes the requirement that visitors be offered a strip search as an option if they test positive using an Ion scanner or canines.
3. *Enhanced Treatment Program Reporting Requirements.* Requires the Department of State Hospitals to submit written draft policies and procedures that will guide the operation of the Enhanced Treatment Units (ETPs) prior to the activation of the ETPs.
4. *Closure of the California Rehabilitation Center (CRC).* Requires the Administration to provide an updated comprehensive plan for the state prison system, including a permanent solution for the decaying infrastructure of the California Rehabilitation Center. In addition, states legislative findings and declarations that given the reduction in the prison population, the Legislature believes that further investment in building additional prisons is unnecessary at this time and that the California Rehabilitation Center can be closed without jeopardizing the court-ordered population cap.
5. *Community Performance Incentive Grants.* Updates the formula for the Community Performance Incentive Grants to reflect changes in the prison and county probation populations as a result of 2011 Public Safety Realignment.

6. *Office of Law Enforcement Support (OLES) Reporting Requirements.* Requires OLES to submit reports to the Legislature semi-annually, beginning October 1, 2016, that include, but are not limited to, the following:
 - a. The number, type, and disposition of complaints made against employees.
 - b. A synopsis of each investigation reviewed by the Office of Law Enforcement Support.
 - c. An assessment of the quality of each investigation.
 - d. The report of any settlement and whether the Office of Law Enforcement Support concurred with the settlement.
 - e. The extent to which any disciplinary action was modified after imposition.
 - f. Timeliness of investigations and completion of investigation reports.
 - g. The number of reports made to an individual's licensing board, in cases involving serious or criminal misconduct by the individual.
 - h. The number of investigations referred for criminal prosecution and employee disciplinary action and the outcomes of those cases.
 - i. The adequacy of the State Department of State Hospitals' and the Developmental Centers Division of the State Department of Developmental Services' systems for tracking patterns and monitoring investigation outcomes and employee compliance with training requirements.
7. *Correctional Peace Officer Standards and Training (CPOST).* Reduces the length of the correctional officer training academy from 16 to 12 weeks and re-establishes CPOST. CPOST is responsible for developing and monitoring standards for the selection and training of correctional officers and would be governed by six members (three from CDCR management and three from the correctional officers' union) appointed by the Governor. In addition, requires CPOST to regularly consult with experts in the area of correctional officer training.
8. *Body-Worn Camera Pilot Program.* Authorizes the California Highway Patrol to develop a plan, by January 1, 2016, for conducting a body-worn camera pilot program that explores things such as the types of officers that would be assigned or permitted to wear body-worn cameras, the minimum specifications for the cameras to be used in the program, and the best practices for notifying the public that an officer's body-worn camera is recording.
9. *Involuntary Medication Process for Individuals found Not Guilty by Reason of Insanity.* Modifies the fair hearing process for individuals who have been found not guilty by reason of insanity and refuse to take medication.
10. *Restoration of Competency.* Removes the sunset date for the Restoration of Competency program. Streamlines current local restoration of competency programs, funded by the Department of State Hospitals to allow more counties to participate in the program.
11. *Native American Heritage Day.* Clarifies that Native American Heritage Day is not a court holiday.

12. *Sunset Extension for Enhanced Civil Fees.* Extends the sunset for enhanced civil fees from July 1, 2015 to July 1, 2018.

13. *Enhancing Law Enforcement Activities Growth Special Account.* Deletes the requirement that funds in the Enhancing Law Enforcement Activities Growth Special Account be distributed on August 25th of each fiscal year. Specifies that each growth allocation from the Enhancing Law Enforcement Activities Growth Special Account shall utilize the same allocation schedules calculated for the base allocations from the same fiscal year to which the growth is attributed.

14. Includes other technical and clarifying changes necessary to enact the budget.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2015-16 budget act. The bill also contains a reappropriation for the Board of State and Community Corrections to administer the mentally ill crime reduction grants.

Support: Unknown.

Opposed: Unknown.

Comments: This bill provides the necessary statutory references to enact the 2015-16 budget related to public safety.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 115	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015 Introduced		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Catherine Freeman		

Subject: Drought Budget Act of 2015.

Summary: This bill makes various changes to implement drought budget actions adopted as part of the 2015-16 budget package.

Background: As part of the 2015-16 budget package, AB 115 makes various statutory changes, related to drought, to implement the budget act.

Proposed Law: This bill includes the following key changes.

Drought Water System Consolidation. Authorizes the State Water Resources Control Board (State Water Board) to require water systems that are serving disadvantaged communities with unreliable and unsafe drinking water to consolidate with or receive service from public water systems with safe, reliable, and adequate drinking water.

Recycled Water Projects CEQA Exemption. Provides a narrowly tailored California Environmental Quality Act (CEQA) exemption during a drought state of emergency proclaimed by the Governor for a public agency to mitigate drought conditions by building or expanding a recycled water pipeline and related groundwater replenishment infrastructure if it is within existing rights of way, does not impact wetlands or sensitive habitat, and where the construction impacts are fully mitigated. Authority sunsets on January 1, 2017.

Recycled Water Codes CEQA Exemption. Exempts the development of new building codes related to dual plumbing from certain CEQA provisions for one code update cycle.

Well Ordinances CEQA Exemption. Includes legislative findings clarifying that local governments may regulate groundwater pursuant to their police power and provides a limited CEQA exemption for adopting a groundwater protection ordinance. That exemption would expire within two years, or upon the cessation of the current Drought State of Emergency, whichever is later.

Drought Expanded Local Enforcement Authority. Allows local water agencies to issue penalties for violations of local and state water conservation requirements but limits penalties to up to \$1,000 for the first violation (increasing for continuing violations) unless the violator has shown intent and the nature of the violation is substantial.

Drought Penalties. Requires the State Water Resources Control Board to separately account for penalties assessed for violations of emergency conservation regulations and deposit such funds into the Water Rights Fund for appropriation by the Legislature to support water conservation activities.

Drought Monitoring and Reporting. Requires that diversions in excess of ten acre feet of water per year, with some exceptions, must have a measuring device or a method of measurement for diversions. Authorizes the State Water Board to adopt emergency regulations to implement the measuring device requirement and increases the frequency of water diversion reporting to be at least annually. Consideration is given for cost feasibility and a one-year exemption is included for parties in voluntary settlement with the State Water Board regarding water curtailments.

Proposition 1 Clarifications and Accountability. Requires the Natural Resources Agency to provide specific information on projects funded by Proposition 1 and requires state agencies to provide outcomes and metrics for projects funded.

Water Efficiency Revolving Fund Appropriation. Appropriates \$10 million of Proposition 1 to the CalConserve Revolving Fund for low-interest loans for water efficiency upgrades.

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

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2015-16 budget related to drought.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No:	AB 117	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015 Introduced		
Urgency:	No	Fiscal:	Yes
Consultant:	Brady Van Engelen		

Subject: Budget Act of 2015.

Summary: This measure makes various statutory changes necessary to implement the state administration related provisions of the Budget Act of 2015.

Background: As part of the 2015-16 budget package, AB 117 makes various statutory changes to implement the budget act.

Proposed Law: This bill includes the following key changes:

Payments Made on Debentures. Aligns appropriation language contained in the Insurance Law related to debentures with language in the General Obligation (GO) bonds to ensure that debentures are paid off in a manner similar to GO bonds. States that payments from the General Fund are continuously appropriated.

Extension of the Jobs and Economic Improvement Through Environmental Leadership Act. Provides for a one year extension of an expedited process for CEQA judicial review. In order to be certified an investment of \$100 million dollars in California upon completion of construction, creates high-wage, high-skilled jobs, and specified environmental standards. Prior to certification, the Governor must submit the project and his or her findings to the Joint Legislative Budget Committee for concurrent or non-concurrence.

Fiscal Effect: This bill should not result in any changes to the budget act or related budget actions. The provision referencing payments made on debentures contains an appropriation and has been identified as related to the budget in the Budget Bill.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 124	Hearing Date:	June 18, 2015
Author:	Committee on Budget		
Version:	January 9, 2015	Fiscal:	Yes
Urgency:	No		
Consultant:	Farra Bracht		

Subject: Budget Act of 2015.

Summary: This bill is necessary for the enactment of the 2015 budget act and makes various changes relating to retiree health care and vacant positions.

Background: The Public Employees' Medical and Hospital Care Act (PEMHCA) governs the funding and provision of postemployment health care benefits for eligible retired public employees and their families. The Board of Administration of the Public Employees' Retirement System administers PEMHCA. PEMHCA defines "family member" for these purposes. PEMHCA also authorizes the board to contract with carriers offering health benefit plans and prohibits employees, annuitants, and their family members who are eligible for Medicare from enrolling in a basic health benefit plan. PEMHCA requires the board to make certain notifications and reports to the Legislature in connection with health benefit plans.

Proposed Law: This bill would:

1. Clarify the definition of family to specifically exclude former spouses and former domestic partners.
2. Require a state employee's or state annuitant's employer to possess and maintain documentation verifying eligibility of an employee's family members and to verify this information every three years, or annually for children for whom the state employee or annuitant has assumed a parent-child relationship.
3. Prohibit the board from granting further exceptions to the rule against enrolling employees, annuitants, and their family members who are eligible for Medicare, as specified, in a basic health care plan.
4. Revise the entities to which the board is required to provide notification of approval of proposed benefits and premium readjustments to exclude the Legislature as a whole, and instead requires provision of an initial estimate of the proposed changes in writing to the Joint Legislative Budget Committee, the chairpersons of the committee and subcommittees in each house of the Legislature that consider the Public Employees' Retirement System's budget and activities, the State Controller, the Director of Finance, and the Legislative Analyst.

5. Require the board to provide a detailed report to the Legislature and the Director of Finance annually, on November 1, regarding the health benefit plans it provides.
6. Establish the Annuitants' Health Care Coverage Fund, which is continuously appropriated for the purpose of prefunding health care coverage for annuitants, including administrative costs.
7. Prohibit the use of state funds in the Annuitants' Health Care Coverage Fund for the payment of benefits until the date the funded ratio reaches at least 100 percent, or July 1, 2046.
8. Revise the definition of prefunding to include employee, as well as, employer payments and to provide that payments may fund the actuarially-determined normal costs of postemployment health care benefits.
9. Repeals state law pertaining to vacant positions that requires the Controller to abolish state positions that are vacant for six consecutive months.

Fiscal Effect: Uncertain fiscal impacts depending on future bargaining agreements and other changes to employment rules.

Support: None on file.

Opposed: None on file.

Comments: This trailer bill language provides the necessary statutory references to enact the 2015-16 budget related to employee compensation.

-- END --