



# **Final Action Report**

## **A Summary of the 2020 Budget Act**

**October 16, 2020**

**Chapters 6 and 7, Statutes of 2020**

**Senate Committee on Budget and Fiscal Review**  
**Senator Holly J. Mitchell, Chair**

# FINAL ACTION REPORT

October 16, 2020

Senate Bill 74 and Assembly Bill 89  
2020-21 Budget Bill

Senate Committee on Budget and Fiscal Review

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October 16, 2020

The Senate Committee on Budget and Fiscal Review has completed its Final Action Report, which is a detailed summary of the 2020-21 budget actions taken by the Legislature, and signed into law by the Governor. This report is available on the website of the Committee on Budget and Fiscal Review: <https://sbud.senate.ca.gov/finalactionreports>.

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

Sincerely,

A handwritten signature in black ink that reads "Hj Mitchell".

**HOLLY J. MITCHELL**  
Chair, Senate Budget and Fiscal Review

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# INTRODUCTION

## 2020 Budget Act

### Summary

This Final Action Report from the Senate Committee on Budget and Fiscal Review provides a summary of the 2020 Budget Act, including related statutory changes, and reflects actions taken by the Senate Committee on Budget and Fiscal Review and final negotiations between the leadership of the Legislature and the Administration. The budget authorizes General Fund expenditures of \$133.9 billion<sup>1</sup> and assumes \$139.7 billion in total General Fund resources. Under the budget act, there are combined total reserves in the Budget Stabilization Account (BSA), the Special Fund for Economic Uncertainties (SFEU), and the Safety Net Reserve of approximately \$11.4 billion. This reserve total includes approximately \$8.3 billion in the BSA.

On June 15, 2020, the Legislature passed SB 74 (Mitchell), Chapter 6, Statutes of 2020, which represented a two-party budget agreement between the Senate and the Assembly. Subsequently, on June 25, 2020 the Senate passed and on June 26, 2020 the Assembly passed AB 89 (Ting), Chapter 7, Statutes of 2020, which amended SB 74 to represent the budget agreement between the Legislature and the Governor for the 2020-21 fiscal year. Due to the COVID-19 pandemic, the Governor's May Revision projected a \$54.3 billion shortfall as compared to the Governor's January budget. Additionally, the Committee was not able to conduct budget subcommittee hearings as is typically done during the spring. Given these circumstances, the 2020 budget agreement was built upon a framework intended to maintain current program and service levels and provide resources to respond to the impacts of current or ongoing emergencies, while addressing the significant budget shortfall. The Legislature also approved numerous budget trailer bills and budget act amendments prior to adjourning on August 31, 2020. Budget trailer bills are designed to implement certain provisions of the 2020 Budget Act as noted elsewhere in this report. The 2020 Budget Act was signed by the Governor on June 29, 2020, representing the state's tenth consecutive on-time budget. Subsequently, the Governor signed the remainder of the budget and trailer bills that were passed by the Legislature prior to adjourning on August 31, 2020.

Overall, this budget is structured such that it:

- Closes the \$54.3 billion shortfall through a combination of spending reductions, use of reserves, new revenue, cost shifts and borrowing, deferrals, use of federal funds, and baseline forecast adjustments as compared to the May Revision, as follows:

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<sup>1</sup> Does not include impacts of measures passed after July 1, 2019.

- **Spending Reductions** - \$8.3 billion.
- **Use of Reserves** - \$8.3 billion.
- **Increased Revenue** - \$4.4 billion.
- **Cost Shifts** - \$5.5 billion.
- **Deferrals and K-14 Adjustments** - \$14.7 billion.
- **Federal Funds** - \$2.8 billion.
- **Baseline Adjustments** -\$10.3 billion.
- Includes \$11.1 billion in spending reductions and deferrals from the above list that are “Triggered Off” if additional federal funds are received, as follows:
  - **Employee Compensation Reductions** - \$1.9 billion.
  - **Special Fund Loans from Employee Compensation Savings** - \$940 million.
  - **Education Deferrals** - \$6.5 billion.
  - **Higher Education Reductions** - \$970 million.
  - **Judicial Branch Reductions** - \$150 million.
  - **County Realignment Backfill** - \$250 million.
  - **Infill Infrastructure Grant Program** - \$200 million.
  - **Golden State Teacher Program** - \$90 million.
  - **Child Support Agency Funding** - \$50 million.
  - **Moderate-income Housing** - \$50 million.
- Avoids draconian cuts to health and human services programs.
- Maintains significant reserves.
- Highlights include additional resources to combat homelessness, expanding the California Earned Income Tax Credit and Young Child Tax Credit to all working Californians, expanding the CalWORKs program back to the 60-month time-clock that existed prior to the Great Recession, and providing assistance, up to \$1 billion, to offset county revenue shortfalls.

Specifically related to the coronavirus pandemic, the 2020-21 budget assumes \$4.4 billion in COVID-19-related spending. This amount is in addition to about \$2 billion in spending that was continuously appropriated at the end of 2019-20 and remains available during 2020-21. The \$4.4 billion includes \$1.5 billion in General Fund allocated to “continuing commitments” which include additional procurement of supplies, surge capacity, testing and contact tracing. The remainder of the \$4.4 billion reflects the Administration’s estimate at the time the budget was enacted that it would need \$2.9 billion for other COVID-19-related spending. The budget sets aside \$716 million which represents the state’s 25 percent share of cost of the \$2.9 billion in estimated contingency costs with the remaining amount assumed to come from FEMA reimbursements. If additional state resources are needed, the Governor can also access any remaining funds in the SFEU. Additionally, the Governor is authorized by Government Code section 8645 “to make expenditures from any fund legally available in order to deal with actual or threatened conditions” of a state or local emergency. Ultimately, the impact of the state’s response could exceed what is currently budgeted.

The fiscal crisis created by the COVID-19 pandemic forced some tough decisions in completing the 2020 budget package. After many years of economic expansion in which the state was able to build back programs that were cut during the last recession, make meaningful new investments, and build economic resiliency through significant reserves and addressing debts and liabilities, California was faced with a \$54.3 billion shortfall at a time that many fiscal pressures were increasing or materializing as our state responded to the pandemic. While we must continue to monitor the fiscal needs throughout the state and respond as appropriate, the 2020 budget was built in a manner that recognized the experience of the last recession. In particular, programs faced substantial cuts during the last recession. This included safety net programs that California residents rely upon more during tough fiscal times. In some cases, it also took many years to build programs back to pre-recession levels. The 2020 Budget Act protects these programs to ensure they are available at a time that our residents need them the most and to prevent the erosion of critical services over an extended period of time.

## Budget Framework and Resources

The budget adopts the Administration's revenue estimates for the General Fund. It also retains the Administration's Proposition 2 debt reduction proposal. The budget is structured to close a significant General Fund shortfall while maintaining critical services and programs. The General Fund budget summary is as follows:

<b>General Fund Budget Summary Prior Year and Adopted Budget (Dollars in Millions)</b>		
	<u>2019-20</u>	<u>2020-21</u>
<b>Prior Year Balance</b>	<b>\$11,280</b>	<b>\$1,972</b>
Revenues and Transfers	<u>137,625</u>	<u>137,719</u>
<b>Total Resources Available</b>	<b>\$148,905</b>	<b>\$139,691</b>
Non-Proposition 98 Expenditures	94,277	88,834
Proposition 98 Expenditures	<u>52,656</u>	<u>45,066</u>
<b>Total Expenditures</b>	<b>\$146,933</b>	<b>\$133,900</b>
<b>Fund Balance</b>	<b>\$1,972</b>	<b>\$5,791</b>
Reserve for Liquidation of Encumbrances	3,175	3,175
Special Fund for Economic Uncertainties	-1,203	2,616
<b>Safety Net Reserve</b>	<b>\$900</b>	<b>\$450</b>
<b>Budget Stabilization Account</b>	<b>\$16,116</b>	<b>\$8,310</b>

Note: Does not include impacts of measures passed after July 1, 2020.

The Budget Act of 2020 includes total spending of \$196 billion, including \$133.9 billion from the General Fund. The final budget contains total General Fund reserves of \$11.4 billion, including \$8.3 billion in the Constitutional Rainy Day Fund, \$450 million in the Safety Net Reserve, and \$2.6 billion in the SFEU.

The adopted budget includes the Governor's revenue assumptions for 2020-21 of \$139.7 billion, representing a decrease of about 6.2 percent from the prior year. For the first time since the last recession, overall revenue for the state's major taxes is projected to decline significantly. Personal income tax, the largest source of General Fund revenue, is projected to decline by 18.8 percent in 2020-21, sales and use tax is projected to decline by 17.5 percent. Revenue assumptions for major General Fund tax sources are shown in the next table.



**General Fund Revenue Sources  
Prior Year and Adopted Budget  
(Dollars in Millions)**

	<u>2019-20</u>	<u>2020-21</u>	<u>Percent Change</u>	<u>Percent Total<sup>1</sup></u>
Personal Income Tax	\$95,566	\$77,567	-18.8	61.9
Sales and Use Tax	24,941	20,583	-17.5	16.4
Corporation Tax	13,870	16,534	19.2	13.2
Insurance Tax	3,052	2,986	-2.2	2.4
Other Sources <sup>2</sup>	4,199	7,704	83.0	6.1
<b>Total</b>	<b>\$141,628</b>	<b>\$125,374</b>	<b>-14.3</b>	<b>--</b>

<sup>1</sup>Based on 2020-21.

<sup>2</sup>Excludes transfers and loan repayments.

### Budget Expenditure Highlights

The budget package represents a comprehensive approach to maintaining program and service levels, while addressing a \$54.3 billion shortfall. The foundation for the plan largely begins with the Governor's base level funding and incorporates distinctive and important changes in program spending to reflect the Legislature's priorities. Major spending categories are shown on the table below:

**General Fund Expenditure  
Prior Year and Adopted Budget  
(Dollars in Millions)**

	<u>2019-20</u>	<u>2020-21</u>	<u>Percent Change</u>	<u>Percent Total<sup>1</sup></u>
Legislative, Judicial, Executive	\$6,689	\$4,369	-34.7	3.4
Business, Consumer, Housing	845	164	-80.6	0.1
Transportation	102	16	-84.3	-
Natural Resources	2,462	2,172	-11.8	1.7
Environmental Protection	715	116	-83.8	0.1
Health and Human Services	41,796	44,624	6.8	34.8
Corrections and Rehabilitation	12,796	12,786	-	10.0
K-12 Education	52,656	45,066	-14.4	35.1
Higher Education	16,534	15,671	-5.2	12.2
Labor and Workforce	186	159	-1.5	0.1
Government Operations	2,303	1,578	-31.5	1.2
General Government	4,147	1,646	-60.3	1.3
<b>Total</b>	<b>\$141,231</b>	<b>\$128,367</b>	<b>-9.1</b>	<b>--</b>

<sup>1</sup>Based on 2020-21.

Note: Does not include impacts of measures passed after July 1, 2020.

The budget incorporates priorities of the Legislature and the Administration and includes funding for the following highlighted initiatives and programs:

- **K-12 Funding.** In addition to Proposition 98 (General Fund and property taxes), K-12 education is funded through a variety of other fund sources, including federal funds, state lottery funds, local fund sources, and other funds. According to the Department of Finance, total funding for K-12 education from all sources is approximately \$98.9 billion in 2020-21, \$97.6 billion in 2019-20, and \$98.6 billion in 2018-19.
- **Local Control Funding Formula (LCFF).** The budget provides a total of approximately \$64.1 billion for the LCFF. This funding amount essentially provides the 2019-20 level of funding with no cost-of-living adjustment for school districts, charter schools, and county offices of education, known as Local Educational Agencies (LEAs), in 2020-21.
- **Deferrals.** In order to reduce Proposition 98 expenditures to the minimum guarantee level, but shield LEAs from the impact of cuts, the budget agreement includes deferrals of payments from one year to the next. Specifically, the budget defers a total of \$11 billion in principal apportionment payments to LEAs from the 2020-21 fiscal year to the 2021-22 fiscal year. If, pursuant to Control Section 8.28 of the Budget Act of 2020, the Director of Finance determines that there are sufficient federal funds provided to the state for the 2020-21 fiscal year that may be used to offset the deferral amounts, the Director of Finance shall reduce the deferral amounts starting with the deferrals occurring earliest in the 2020-21 fiscal year.
- **Learning Loss Mitigation.** The budget appropriates a total of \$5.3 billion in one-time funding (\$4.4 billion federal Coronavirus Relief Fund, \$355.2 million federal Governor's Emergency Education Relief Fund and \$540 million Proposition 98 General Fund) to address learning loss and other impacts of COVID-19.
- **Child Care.** The budget provides approximately \$1.7 billion for CalWORKs child care, a 15.6 percent increase over 2019-20. Specifically, it provides \$486 million for Stage 1; \$579 million for Stage 2; and \$640 million for Stage 3. In addition, the budget includes \$1.3 billion for non-CalWORKs child care programs, a 14.7 percent increase over 2019-20, including general child care (\$523 million), the Alternative Payment Program (\$701 million), a bridge program for foster children (\$58), and migrant and severely disabled child care (\$47 million). Of the funds for the Alternative Payment Program, \$53.3 million was added in new federal funds in 2020-21 for approximately 5,600 new ongoing childcare service slots.
- **Higher Education.** The budget restores the Governor's budget proposal to provide a five percent or \$169.2 million General Fund base increase to UC. In addition, the budget approves a trigger reduction of \$471.6 million General Fund, which would be restored if additional federal funding is provided to the state. Additionally, the budget restores the Governor's budget proposal to increase General Fund support for CSU operations by five percent, \$199 million General Fund ongoing and includes a trigger cut to CSU of \$498.1 million, which will be restored if federal funding is provided to the state.

- **Modification of Fire Protection Enhancements: Relief Staffing.** The budget includes \$85.6 million General Fund in 2020-21 and ongoing, including: (1) \$44 million for seasonal firefighters and surge capacity that will be available for the 2020 fire season, (2) \$34 million to hire 172 new state staff positions that will come on board in the fall of 2020, and (3) \$7.5 million to augment contract counties.
- **Greenhouse Gas Reduction Fund (GGRF): Cap-and-Trade Spending Plan.** The GGRF Spending Plan for 2020-21 has been deferred without prejudice due to unexpected shortfalls in revenue from the Cap-and-Trade Auctions in May and August of 2020. However, GGRF funding was approved for various departments to “keep the lights on” by continuing to provide GGRF funding for payroll purposes.
- **Medi-Cal Local Assistance Funding.** The budget includes \$99.5 billion (\$22.7 billion General Fund, \$65.1 billion federal funds, and \$11.7 billion special funds and reimbursements) in 2019-20 and \$112.1 billion (\$23.2 billion General Fund, \$72.9 billion federal funds, and \$16.1 billion special funds and reimbursements) in 2020-21 for the delivery of health care services to low-income individuals and families in the Medi-Cal program.
- **Novel Coronavirus (COVID-19) Medi-Cal Estimate Impacts.** The budget includes net expenditure authority of \$8.1 billion (a reduction of \$155.1 million General Fund and an increase of \$8.3 billion federal funds) to reflect several impacts on the Medi-Cal program related to the COVID-19 pandemic.
- **Elimination of “Senior Penalty” in Medi-Cal Aged and Disabled Program.** The budget includes expenditure authority of \$135.5 million (\$67.7 million General Fund and \$67.7 million federal funds) for elimination of the “senior penalty”, which extends eligibility for the Medi-Cal Aged and Disabled Program up to 138 percent of the federal poverty level.
- **Realignment Backfill for Counties.** The budget includes \$750 million to provide support for counties experiencing revenue losses for realigned programs, prioritizing support for health and human services, entitlement programs, and programs that serve vulnerable populations. To the extent the federal government provides sufficient funding by October 15, 2020, an additional \$250 million may be provided to counties.
- **CalWORKs 60-Month Time Clock.** The budget includes trailer bill language authorizing a single 60-month CalWORKs time limit, effective May 1, 2022, or when the department notifies the Legislature that all necessary automation changes are complete. The bill also eliminates the 24-month limitation on certain welfare-to-work activities, effective May 1, 2022, or when the department notifies the Legislature that all necessary automation changes are complete.
- **Low Income Housing Tax Credits.** The budget includes \$500 million in new State Low Income Housing Tax Credits for 2020-21.
- **Homeless Housing Assistance and Prevention Program.** The budget includes an additional \$300 million in General Fund resources for Round 2 of the Homeless Housing Assistance Prevention (HHAP) program.

- **Funding for Counties and Cities.** The budget provides \$1.3 billion in federal CARES Act funding to counties and \$500 million in federal CARES Act funding to cities for homelessness, public health, public safety, and other services to combat the COVID-19 pandemic.
- **Unemployment Insurance (UI) Benefits and Administration.** The budget provides an increase of \$37.96 billion (\$33.95 billion federal funds) in spending authority for UI benefit payments for 2020-21, and an increase of \$126.3 million (to be distributed in two phases) and 777.1 positions in 2020-21 to reflect federal funding increases and projected workload increases for UI administration.
- **Bargaining Agreements.** Control Section 3.90 of the Budget Act assumed savings of \$2.8 billion from reduced employee compensation. The savings associated with the bargaining agreements and savings associated with similar compensation reductions to employees excluded from collective bargaining are approximately the same level of savings assumed in the 2020-21 budget.
- **Funding for the 2020 General Elections.** The budget includes funding to prevent, prepare for, and respond to the impacts of the COVID-19 pandemic. The funding is comprised of: 1) \$35 million General Fund, 2) \$36.5 million from the federal CARES Act, and 3) \$29 million from the federal Consolidated Appropriations Act of 2020.
- **California Earned Income Tax Credit (EITC).** The budget includes trailer bill language to extend the EITC and Young Child Tax Credit (YCTC) eligibility to Individual Tax Identification Number (ITIN) filers with at least one child six years of age or younger. Subsequently, trailer bill language was adopted to extend the CA EITC and YCTC to all ITIN filers.
- **Minimum Franchise Tax (MFT).** The budget includes the expansion of the first-year exemption from the \$800 MFT to Limited Liability Companies, Limited Partnerships, and Limited Liability Partnerships. The exemption is applicable beginning January 1, 2021 and sunsets on January 1, 2026. This change is intended to alleviate burdens on newly formed corporations.
- **Net Operating Loss (NOL) Suspension.** The budget includes trailer bill language to specify that, for a taxpayer with a net business income or a modified adjusted gross income of more than \$1 million, a net operating loss deduction shall not be allowed in respect to both corporate and income taxes for any taxable year beginning on or after January 1, 2020, and before January 1, 2023. This change is estimated to result in net revenue increases of \$1.8 billion annually over the three-year period.
- **Business Tax Credit Limitation.** The budget includes trailer bill language to temporarily limit the use of business incentive tax credits to offset no more than \$5 million in tax liability for 2020, 2021 and 2022. This change is estimated to result in net revenue increases of \$2 billion annually over the three-year period. There is also an interaction between these provisions and

the NOL Suspension provisions that are estimated to result in approximately \$611 million in revenue.

- **Prison Closure Reporting Dates.** Through SB 118 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2020, the budget requires the identification of a state owned and operated prison for closure by January 10, 2021 and second state owned and operated prison for closure by January 10, 2022. The budget also requires the consideration of factors, including costs associated with operations and capital outlay needs, and operational flexibility.
- **Update to Parole Terms and Earned Discharge.** Through SB 118, the budget requires a person released from state prison on or after July 1, 2020 and subject to parole supervision by the CDCR to serve a parole term of two years for a determinate term and a parole term of three years for a life term. The budget also requires the Division of Adult Parole Operations to review these individuals for earlier discharge as specified. The aforementioned statutory changes do not apply to any inmate currently incarcerated for an offense that will require the person to register as a sex offender pursuant to Chapter 5.5 (commencing with Section 290) of Title 9 of Part 1. Overall, establishing a new maximum term for parole for most offenders and earned discharge processes will result in General Fund savings of \$23.2 million and a reduction of 122.9 positions in 2020-21.
- **Juvenile Justice Realignment.** The budget includes SB 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020, a trailer bill that includes multiple provisions to realign the responsibility for state held youth to the counties.
- **Family Over Fees Act.** The budget, through AB 1869 (Committee on Budget), Chapter 92, Statutes of 2020 will, effective July 1, 2021, repeal 23 criminal administrative fees. The budget appropriates \$50,000 from the General Fund in the 2020-21 fiscal year to the Department of Finance to begin implementation of the provisions of this act and appropriates \$65 million annually from the General Fund to the Controller beginning in the 2021-22 fiscal year to the 2025-26 fiscal year, inclusive, to backfill revenues lost from the repeal of those fees specified in this act, unless future legislation extends the provisions of this act.

**Subcommittee No. 1 – Education**

6100	Department of Education	6600	Hastings College of the Law
6120	California State Library	6610	California State University
6360	California Commission on Teacher Credentialing	6870	California Community Colleges
6440	University of California	6980	California Student Aid Commission

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

0540	Secretary for Natural Resources	3820	San Francisco Bay Conservation and Development Commission
0521	Transportation Agency		
0555	Secretary for Environmental Protection	3825	San Gabriel and Lower Los Angeles River and Mountains Conservancy
2600	California Transportation Commission		
2660	Department of Transportation	3830	San Joaquin River Conservancy
2665	High-Speed Rail Authority	3835	Baldwin Hills Conservancy
2670	Board of Pilot Commissioners	3845	San Diego River Conservancy
2720	California Highway Patrol	3850	Coachella Valley Mountains Conservancy
2740	Department of Motor Vehicles	3855	Sierra Nevada Conservancy
3100	California Science Center, African American	3860	Department of Water Resources
3100	Museum and Exposition Park	3875	Sacramento-San Joaquin Delta Conservancy
3125	California Tahoe Conservancy	3885	Delta Stewardship Council
3340	California Conservation Corps	3900	Air Resources Board
3360	California Energy Commission	3930	Department of Pesticide Regulation
3480	Department of Conservation	3940	State Water Resources Control Board
3540	Department of Forestry and Fire Protection	3960	Department of Toxic Substances Control
3560	State Lands Commission	3970	Department of Resources Recycling and Recovery
3600	Department of Fish and Wildlife		
3640	Wildlife Conservation Board	3980	Office of Environmental Health Hazard Assessment
3720	California Coastal Commission		
3760	State Coastal Conservancy	8570	Department of Food and Agriculture
3780	Native American Heritage Commission	8660	California Public Utilities Commission
3790	Department of Parks and Recreation	8660	CPUC Office of Ratepayer Advocate
3810	Santa Monica Mountains Conservancy		

**Subcommittee No. 3 – Health and Human Services**

0530	California Health and Human Services Agency	4265	Department of Public Health
4100	State Council on Developmental Disabilities	4440	Department of State Hospital
4120	Emergency Medical Services Authority	4300	Department of Developmental Services
4140	Office of Statewide Health Planning and Development	4560	Mental Health Services Oversight and Accountability Commission
4150	Department of Managed Health Care	4700	Department of Community Services and Development
4170	California Department of Aging	4800	California Health Benefit Exchange
4180	Commission on Aging	5160	Department of Rehabilitation
4185	California Senior Legislature	5175	Department of Child Support Services
4260	Department of Health Care Services	5180	Department of Social Services



## Subcommittee No. 4 – State Administration and General Government

0110/0120	Legislature		
0511	Secretary for Government Operations Agency	7100	Employment Development Department
		7120	California Workforce Development Board
0515	Business, Consumer Services, and Housing Agency	7350	Department of Industrial Relations
		7501	Department of Human Resources
0559	Labor and Workforce Development Agency	7502	Department of Technology
0840	State Controller	7600	Department of Tax and Fee Administration
0845	Department of Insurance	7730	Franchise Tax Board
0860	Board of Equalization	7760	Department of General Services
0890	Secretary of State	7870	Victim Compensation Board
0950	State Treasurer’s Office	7900	Public Employees’ Retirement System
0954-0989	State Treasurer’s Boards, Commissions, and Authorities	7920	State Teachers’ Retirement System
		8940	Military Department
1045	Cannabis Control Appeals Panel	8955	Department of Veterans Affairs
1111	Department of Consumer Affairs – Boards and Bureaus	9800	Employee Compensation
1700	Department of Fair Employment and Housing		Control Section 3.60
			Control Section 3.90
			Control Section 3.91
1701	Department of Business Oversight		
1750	California Horse Racing Board		
2100	Department of Alcoholic Beverage Control		
2120	Department of Alcoholic Beverage Control		
2240	Department of Housing and Community Development		

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

0250	Judicial Branch	5227	Board of State and Community Corrections
0280	Commission on Judicial Performance	5990	Federal Immigration Funding
0690	Office of Emergency Services	8120	Commission on Peace Officer Standards and Training
0820	Department of Justice	8140	Office of State Public Defender
5225	Department of Corrections & Rehabilitation		

SUBCOMMITTEE 1  
ON  
EDUCATION

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# SUBCOMMITTEE No. 1

## EDUCATION

### **Pre-K-12**

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## K-12 EDUCATION

### 6100 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)

#### IMMEDIATE PANDEMIC IMPACT ON THE 2019-20 FISCAL YEAR

In March 2020, to immediately implement actions taken to stem the COVID-19 pandemic and address related impacts, the Legislature enacted, and the Governor signed, various pieces of legislation. Specifically, related to education, the following actions were taken:

##### K-12 Education:

- Specified that for Local Educational Agencies (LEAs) claiming attendance for purposes of funding, the 2019-20 school year only includes full school months between July 1, 2019 and February 29, 2020. This action ensured that LEAs received funding for the full school year regardless of the closure of schools in response to COVID-19. In addition, related sections were waived and aligned with this change including waiving instructional days and minutes, allowing charter schools to operate distance learning programs without submitting a material revision, ensuring funding for the After School Education and Safety Programs, and extending windows for assessment and other requirements (assessment requirements were subsequently waived by the federal Department of Education due to nation-wide school closures).
- Appropriated \$100 million in one-time Proposition 98 General Fund to LEAs for costs associated with maintaining nutrition services, cleaning and disinfecting facilities, personal protective equipment, and materials necessary to provide students with opportunities for distance learning. The funds were prioritized for health and safety needs for LEAs, including for student meal access, during COVID-19 closure periods. The use of funds was clarified through subsequent trailer bill legislation.

##### Early Education and Child Care:

- Waived requirements for attendance and reporting for child care and development programs in compliance with Executive Orders and pursuant to guidance provided by the Superintendent of Public Instruction.

In addition, the Governor signed a series of Executive Orders that included actions related to education, the major ones are noted below:

- **N-26-20:** Included direction that LEAs would continue to receive funding through COVID-19 related closures if they met certain requirements and encouraged schools to prioritize funding to: 1) continue to provide instruction; 2) continue to provide school meals; 3) arrange for supervision of students during school hours; and 4) continue to pay employees. In addition, the order also clarified that the LEA may offer distance learning or independent study to impacted

students and waived all laws that may state otherwise. Upon the advice of local public health agencies, most LEAs closed schools on or around March 16, 2020.

- **N-66-20:** Authorized the postponement of various educator assessment requirements, under specific conditions, including attaining all other credential requirements, during the COVID -19 pandemic. Trailer bill legislation further extended these requirements to August 2021 due to the closure of testing centers.
- **N-30-20:** Waived statewide student assessments in the 2019-20 school year, pending federal waiver approval which was subsequently provided.
- **N-56-20:** Extended the date by which LEAs must adopt Local Control and Accountability Plans until December 15, 2020 and made various related changes. This action was superseded by trailer bill legislation as is discussed in more detail below.
- **N-33-20, N-45-20, and N-47-20:** Specified during the state of emergency that 1) child care subsidies are sustained for currently enrolled families; 2) waived various child care eligibility requirements and enrollment priorities for children of essential workers, and children with disabilities and special health care needs; 3) waived specified requirements for enrollment of children in emergency child care; and 4) required that the California Department of Education (CDE) and the California Department of Social Services (CDSS) to jointly develop guidance on the order of prioritization for child care services.

Further legislation enacted with the budget sunsets the provisions of legislation passed in March and Executive Order N-26-20.

## **K-14 EDUCATION - PROPOSITION 98 OVERALL**

The budget act reflects a significant change to the Proposition 98 Guarantee from the 2019-20 Budget Act due to a drop in anticipated revenues reflecting the economic impact of the COVID-19 pandemic. The resulting Proposition 98 funding levels for K-12 schools and community colleges (K-14 education) are illustrated below:

<b>Budget Year</b>	<b>Proposition 98 Minimum Guarantee</b>	<b>Change from 2019-20 Budget Act (June 2019)</b>	<b>Applicable Proposition 98 Test<sup>1</sup></b>	<b>K-12 Overall Per Pupil Expenditures<sup>2</sup></b>
2018-19	\$78.5 billion	\$376 million increase	Test 1	\$11,704
2019-20	\$77.7 billion	\$3.4 billion decrease	Test 1	\$11,630
2020-21	\$70.9 billion	\$10.6 billion decrease	Test 1	\$10,673

<sup>1</sup> In general, Test 1 is calculated based on a specified percent of General Fund revenues (currently around 37.98 percent). Test 2 is calculated based on prior year funding, adjusted for changes in per capita personal income and attendance. Test 3 is calculated based on prior year funding, adjusted for changes in General Fund revenues, plus 0.5 percent and attendance.

<sup>2</sup> Figures do not include settle-up payments, or one-time federal funds and deferred funding which would increase this number in the 2020-21 fiscal year.

Over the three-year period, the maintenance factor balance adjusts, but is paid off in 2019-20, and there is no outstanding balance anticipated at the end of the 2020-21 fiscal year. The maintenance factor balance reflects the difference between the Guarantee levels when the operative test is Test 3 or when the Guarantee is suspended, and what the Guarantee would have been if Test 2 were operative. The state makes payments towards this obligation in years when Test 1 or 2 is operative and General Fund revenues are growing.

The 2020-21 estimate of average daily attendance (ADA) was 5,858,752 reflecting an ADA decline from 2019-20 of 0.62 percent, continuing a trend of ADA decline.

<b>Proposition 98 Funding by Segment</b>			
<b>(Dollars in Millions)**</b>			
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>K-12 Education*</b>			
<b>General Fund</b>	\$48,628	\$46,739	\$40,006
<b>Local property tax revenue</b>	\$20,682	\$21,830	\$22,519
<b>K-12 subtotal</b>	\$69,311	\$68,568	\$62,525
<b>California Community Colleges*</b>			
<b>General Fund</b>	\$6,117	\$5,917	\$5,060
<b>Local property tax revenue</b>	\$3,094	\$3,192	\$3,305
<b>CCC subtotal</b>	\$9,211	\$9,109	\$8,365
<b>Total Proposition 98</b>	\$78,522	\$77,678	\$70,890
<b>General Fund</b>	\$54,746	\$52,656	\$45,066
<b>Local property tax revenue</b>	\$23,776	\$25,022	\$25,824
*K-12 education totals include state preschool and adult education. CCC totals include the K-12 Strong Workforce Program and Adult Education. **Totals include rounding.			

Source: Legislative Analyst's Office

**Public School Stabilization Account.** As of the 2019-20 Budget Act, the Proposition 98 Guarantee calculation had triggered a deposit into the Public School System Stabilization Account, known as the Proposition 98 Rainy Day Fund based on economic factors at the time. However, due to changes in revenues related to the COVID-19 pandemic, revised Proposition 98 calculations do not require a deposit into the Proposition 98 Rainy Day fund and, as of the 2020-21 Budget Act, the balance in the account is zero.

**Proposition 98 Multi-Year Obligation.** The budget includes a new multi-year payment obligation designed to supplement funding provided by Proposition 98. This new obligation designate 1.5 percent of General Fund Revenues per year to K-14 education beginning in 2021-22 to provide \$12.4 billion over a multi-year period. This funding will accelerate the recovery of the Proposition 98 Guarantee

from reductions due to the impact of COVID-19 and increase the Proposition 98 share of General Fund from 38 to 40 percent in a Test 1 year by 2023-24.

**Proposition 98 Settle-Up Funds.** The budget provides an additional \$407 million in settle-up funds which reflects adjustments related to the certification of the Guarantee for the 2013-14 and 2018-19 fiscal years. These funds are used to cover a portion of Local Control Funding Formula (LCFF) costs for the 2019-20 fiscal year. Settle-up funds are appropriated through the education trailer bill.

## **K-12 EDUCATION – ALL FUND SOURCES**

In addition to Proposition 98 (General Fund and property taxes), K-12 education is funded through a variety of other fund sources, including federal funds, state lottery funds, local fund sources, and other funds. According to the Department of Finance, total funding for K-12 education from all sources is approximately \$98.9 billion in 2020-21, \$97.6 billion in 2019-20, and \$98.6 billion in 2018-19.

**K-12 Major Expenditures and Policy Changes.** The following significant investments in K-12 education were adopted in the 2020 budget:

- **Local Control Funding Formula (LCFF).** The budget provides a total of approximately \$64.1 billion for the LCFF. This funding amount essentially provides the 2019-20 level of funding with no cost-of-living adjustment (COLA) for school districts, charter schools, and county offices of education (COEs), known as Local Educational Agencies (LEAs), in 2020-21 (described in more detail under Instruction, Attendance, and Apportionments). The total amount provided for LCFF is \$63.9 billion in the 2019-20 fiscal year, including base workload adjustments provided to school districts, charter schools, and county offices of education to account for ADA changes and COLAs.

In contrast to prior years, the budget agreement does not automatically provide for ADA growth funding in 2020-21. Instead all LEAs, with the exception of non-classroom based charter schools, may apply for growth funding for enrollment growth anticipated as of the 2019-20 2<sup>nd</sup> interim budget report or the 2020-21 budget adopted by June 30<sup>th</sup>. Planned growth must be actualized in an LEA's October census reporting in order for an LEA to receive growth funding. LCFF is continuously appropriated and it is anticipated that this growth will be absorbed within the 2020-21 estimate.

- **Deferrals.** In order to reduce Proposition 98 expenditures to the minimum guarantee level, but shield LEAs from the impact of cuts, the budget agreement includes deferrals of payments from one year to the next. Specifically, the budget defers a total of \$11 billion in principal apportionment payments to LEAs from the 2020-21 fiscal year to the 2021-22 fiscal year in the amounts of \$1.5 billion from February to November of 2021, \$2.4 billion from March to October of 2021, \$2.4 billion from April to September of 2021, \$2.4 billion from May to August of 2021, and \$2.4 billion from June to July of 2021. This bill also defers \$1.9 billion in principal apportionment payments to LEAs from June 2020 to July 2021. In addition, the budget deferred payments of \$1.9 billion from K-12 education from June 2020 to July 2020, reducing apportionments for the Proposition 98 Guarantee by this amount in 2019-20 and instead counting these apportionments for the 2020-21 Proposition 98 Guarantee. If, pursuant to Control Section 8.28 of the Budget Act of 2020, the Director of Finance determines that there are sufficient federal funds provided to the state for the



2020-21 fiscal year that may be used to offset the deferral amounts, the Director of Finance shall reduce the deferral amounts starting with the deferrals occurring earliest in the 2020-21 fiscal year.

The budget also includes a hardship exemption that allows for up to \$100 million in each of February, March, April, May, and June of 2020-21 of the warrants to be deferred in each of these months to instead be drawn in the month they were scheduled to be paid originally for LEAs that meet specified fiscal hardship exemption requirements.

- **Learning Loss Mitigation.** The budget appropriated a total of \$5.3 billion in one-time funding (\$4.4 billion federal Coronavirus Relief Fund, \$355.2 million federal Governor’s Emergency Education Relief Fund and \$540 million Proposition 98 General Fund) to address learning loss and other impacts of COVID-19. Of this total, \$1.5 billion is allocated to LEAs, with the exception of non-classroom based charter schools, on the basis of the enrollment of students with exceptional needs (ages 3-22), \$2.9 billion is allocated to LEAs, with the exception of non-classroom based charter schools, on the basis of the proportion of Supplemental and Concentration grant funding each LEA receives of the total statewide Supplemental and Concentration grant funding, and \$980 million is provided to all LEAs in proportion to the amount of LCFF funding each LEA receives. Federal funds must be expended within specified federal time frames and funding must be used to directly support pupil academic achievement and mitigate learning loss related to COVID-19 school closures, including academic programs, services, and supports to address learning loss, extended instructional minutes and services, additional materials, including devices or internet connectivity, and other supports related to health, mental health, professional development, and school meals among others. Eligible uses may also include cleaning and safety measures for re-opening schools.
- **Instruction, Attendance, and Apportionments.** Legislation adopted with the budget specified a variety of changes to the way instruction is provided, attendance is determined, and apportionments are calculated in the 2020-21 fiscal year to allow for flexibility of operations related to the COVID-19 pandemic. Specifically, these included the following:
  - A hold-harmless is provided for the purpose of calculating the LCFF apportionment in the 2020-21 fiscal year; the CDE shall use the average daily attendance in the 2019-20 fiscal year reported from July 1, 2019, to February 29, 2020, except for new charter schools commencing instruction in 2020-21. LEAs may apply for an adjustment to their 2019-20 hold-harmless level for specified planned enrollment growth that materializes in the 2020-21 school year pursuant to a process determined in statute.
  - LEAs shall offer in-person instruction to the greatest extent possible and may offer distance learning, as defined. LEAs are required to meet instructional day requirements through a combination of in-person and distance learning instruction. Instructional minutes shall be determined for in-person instruction as time under the immediate physical supervision of a certificated employee of the LEA and for distance learning based on the time value of assignments as determined and certified by a certificated employee of the LEA, or a combination of both instruction types.
  - LEAs that offer distance learning must comply with specified requirements. Distance learning may be provided on a LEA-wide or schoolwide basis pursuant to an order or

guidance from a state or local public health officer, and for pupils who are medically fragile, at-risk from in-person instruction, or quarantining due to exposure to COVID-19. Instructional requirements are defined specific to the access and content of instruction, supports for students with exceptional needs, English learner students, students in foster care, experiencing homelessness or in need of mental health supports. Daily interaction with students in distance learning is defined, and LEAs are required to provide access to nutrition programs.

- For purposes of attendance, an LEA must document daily student participation, as defined, when providing distance learning, and keep weekly engagement records. LEAs shall continue to report absences, as defined, for purposes of reporting chronic absenteeism. LEAs shall develop tiered re-engagement strategies for students who do not participate, and shall regularly engage with parents or guardians regarding academic progress. Requirements shall be included in the audit guide.
- Fiscal penalties are defined for LEAs that do not meet the instructional day requirements or the attendance related requirements.
- Clarifies that Education Code section 51512 does not prohibit an LEA from adopting online instruction, including the use of synchronous or asynchronous video, as part of a Distance Learning program under the requirements of the 2020-21 Budget Act, and that except as required under a Distance Learning program, individuals may not record an online course without teacher and principal consent.
- **Accountability.** Legislation adopted with the budget also makes a variety of changes to the statewide accountability system requirements for the 2020-21 fiscal year to address challenges that arose due to the COVID-19 pandemic, as follows:
  - Requires that, in place of the Local Control Accountability Plan previously required on December 15, 2020 pursuant to Executive Order N-56-20, an LEA is required to adopt a Learning Continuity and Attendance Plan (2020-21 LCAP) by September 30, 2020. The local control funding formula budget overview for parents shall be required to be adopted by December 15, 2020, with the first interim budget report. In adopting the 2020-21 LCAP pursuant to this section, specified community engagement actions must be included.
  - The template for the 2020-21 LCAP shall be developed by the Superintendent of Public Instruction, in consultation with the executive director of the State Board of Education, by August 1, 2020, that includes, but is not limited to the following:
    - i. A description of how the LEA will provide continuity of learning and address the impacts of COVID-19 on pupils, staff, and the community in the following areas and the specific expenditure the LEA anticipates taking to support its ability to address the impacts of COVID-19:
      1. Distance Learning
      2. Learning Loss

3. Mental Health / Social Emotional Well-being of students and staff
4. Professional Development
5. Pupil Engagement and Outreach
6. School Nutrition

- ii. For each area, the 2020-21 LCAP shall describe how state and federal funds (including funds provided for the Learning Loss Block Grant) are anticipated to be used to support the efforts described in the 2020-21 LCAP or how they will be included in the first interim budget report.
- iii. The 2020-21 LCAP shall also include a description of how the LEA is increasing or improving services in proportion to funds generated on the basis of the number and concentration of English learner, foster youth, and low income students pursuant to the Local Control Funding Formula, and in compliance with regulations adopted by the State Board of Education.
- iv. Related reports are further aligned with the 2020-21 LCAP timelines.

- **School Meal Reimbursements.** The budget provides \$192 million in one-time Federal Elementary and Secondary Schools Emergency Relief for LEA school meal reimbursements during summer break and COVID-19 school closures through August 30, 2020, at a rate of up to 75 cents per meal. Allows state reimbursement funds from 2019-20 to be used for disaster relief for LEAs who did or attempted to serve student meals during the school closure period.
- **Classified School Employee Summer Assistance Program.** The budget provides \$60 million in one-time Proposition 98 funding for the Classified Employee Summer Assistance Program for the 2021-22 program cohort. In addition, the budget provides that the remaining balance of funds made available in the 2018 Budget Act for the Classified School Employee Assistance program, shall be available for purposes of increasing rates for the 2020-21 cohort of program participants, as included in the April 30, 2020 notification by the Department of Education.
- **Early Literacy Support Block Grant.** The budget appropriates \$50 million in one-time Proposition 98 funding to the Department of Education for the Early Literacy Support Block Grant to provide grants (over a three-year period) to LEAs with the 75 schools with the highest percentage of pupils in grade three scoring at the lowest standard achievement level on the English Language Arts assessment. LEAs receiving grants shall conduct a root-cause analysis, create a literacy action plan, and provide for supplementary activities for children in grades Kindergarten through three. The Department of Education may retain \$3 million of the total for the costs of administering the program. In addition, the budget appropriated \$3 million in one-time Proposition 98 funding to establish an expert lead in literacy within the statewide system of support.
- **California Community Schools Partnership Program.** The budget appropriates \$45 million in one-time Federal Elementary and Secondary Schools Emergency Relief Funds for the California Community Schools Partnership Program. Grants for this program are to be awarded on a

competitive basis to LEAs, including county offices of education to support and expand existing community schools. Funds are available over a four year period.

## OTHER CHANGES

- **Special Education.** The budget creates a new special education funding formula, commencing with the 2020-21 fiscal year, that provides Special Education Local Plan Areas (SELPA) with the greater of \$625 per average daily attendance or the per ADA rate the SELPA received in 2019-20, and applies a COLA in future years to the statewide base rate. A COLA is not provided in the 2020-21 fiscal year. The budget provides an additional \$645 million in ongoing Proposition 98 funds for special education. Of this, \$545 million is available to increase the statewide base rate for special education funding and \$100 million is provided to increase per pupil rates to support students with low incidence disabilities. This bill repeals statutes related to the current Special Education funding program, freezes funding at the 2019-20 levels for most add-on adjustments, makes various other related technical amendments, and makes the following related changes:
  - Provides a moratorium from establishing new single district SELPAs for the 2020-21 through the 2023-24 fiscal year.
  - Extends through the 2020-21 fiscal year the existing funding allocation method for the Out-of-Home Care program for foster students with exceptional needs.
  - Requires an Individualized Education Plan (IEP) to include a description of how services will be provided to students in an emergency situation, in the development of a new IEP or at the next regularly scheduled review of an existing IEP.
  - Expands the allowable use of Educationally-Related Mental Health Services funds to include mental health services for all students beginning in the 2020-21 fiscal year. Currently funds are restricted to education-related mental health services that are included in individualized education plans.
- **California Newcomer Education and Well-Being (CalNEW).** The budget includes \$15 million in Proposition 98 General Fund for the Department of Social Services to provide funding to school districts to support refugee children, unaccompanied minors, and English learner students.
- **K-12 Programs COLA.** The budget did not fund a COLA for education programs in the 2020-21 fiscal year.
- **California Subject Matter Projects.** The budget provides \$6 million in ongoing General Fund for professional development through the UC Subject Matter projects.
- **Special Education Federal Funds Adjustments.** The budget provides over \$23 million in federal IDEA funds for teacher scholarships, mediation costs, and various policy studies and workgroups.
- **School Districts in Fiscal Distress.** The budget provides \$16 million for the Oakland Unified School District and \$5.8 million for the Inglewood Unified School District pursuant to AB 1840 in

2020-21 and requires Oakland Unified School District and Inglewood Unified School District to meet specified AB 1840 requirements as a condition of future state funding.

- **Standardized Account Code Structure System Replacement Project.** The budget includes \$4.2 million in one-time Proposition 98 funding for CDE to allocate to the Kern County Superintendent of Schools for the Fiscal Crisis and Management Assistance Team for the Standardized Account Code Structure system replacement project.
- **California Dyslexia Initiative.** The budget includes \$4 million in one-time funding (\$2 million Proposition 98 General Fund and \$2 million Federal IDEA funds) to create the California Dyslexia Initiative to be allocated to a county office of education to increase statewide resources for early interventions, and supports for addressing specific learning disabilities, such as dyslexia.
- **Southern California Regional Occupational Center (SoCal ROC).** The budget provides \$1 million in one-time Proposition 98 funding for SoCal ROC for instructional and operational costs in the 2020-21 fiscal year.
- **Distance Learning Curriculum and Instructional Guidance.** The budget provided \$750,000 in one-time Proposition 98 General Fund for the development of draft distance learning curriculum and instructional guidance in English language arts and mathematics to be developed by the Sacramento County Office of Education, to be adopted by the State Board of Education by May 31, 2021.
- **Alignment of Online Accountability-Related Platforms.** The budget provided \$450,000 in one-time Proposition 98 funding to support the alignment and integration of the online platforms for the California School Dashboard, the Local Control and Accountability Plan electronic template system, and the School Accountability Report Card.
- **Young People’s Task Force.** The budget provides \$200,000 in one-time General Funds to the CDE for a Young People’s Task Force that will provide recommendations around the impacts of peace officers and other law enforcement on school campuses.
- **LEA Fiscal Flexibilities.** Legislation enacted with the budget provides the following fiscal flexibilities for LEAs:
  - Allows LEAs to exclude the consideration of all state pension payments on behalf of LEAs, learning loss mitigation funds and federal Elementary and Secondary School Emergency Relief funds from being considered general fund expenditures for the purpose of the Routine Restricted Maintenance Account calculation.
  - Allows school districts to deposit proceeds from the sale or lease of surplus property, purchased with any non-state funds, (allows for the sale of a property never constructed for or used as an early childhood education facility or a school for K-12 instruction) into the general fund of the school district for one-time general fund purposes with specified conditions through the 2023-24 fiscal year.

- Allows school districts, for the 2020-21 and 2021-22 fiscal years if the state enacts deferrals of payments owed to school districts, to use inter-fund borrowing of up to 85 percent between funds for payment of obligations to help mitigate any necessary cash deferrals related to the economic impacts of the COVID-19 pandemic. Districts exercising this option would be required to hold a public hearing prior to considering a resolution authorizing the temporary transfers.
- Specifies that an LEA may claim apportionment for extended school year services for pupils with disabilities offered through distance learning in the summer of 2020 that meets specified requirements.
- Allows all school districts and county offices of education to use the California School Finance Authority (CSFA) intercept, which will enable those districts to lower borrowing costs for state funding deferrals. Current law authorizes the CSFA to support LEA borrowing, but precludes school districts and COEs with qualified or negative certifications from securing CSFA borrowing with an intercept of State apportionments.
- **Waivers, Exemptions, and Extensions related to the COVID-19 Pandemic.** Legislation enacted with the budget included the following amendments to address the disruptions to timelines and requirements created by circumstances related to the pandemic:
  - Extends the deadline for the CDE to develop a standardized English language teacher observation protocol for use by teachers in evaluating a pupil's English language proficiency from June 30, 2020, to December 31, 2022.
  - Extends deadlines for LEAs to provide for an audit, and for the related oversight and reporting requirements.
  - Provides a two-year extension to the date by which the CDE must develop and the date by which a SELPA must include, an annual assurances support plan in the local plan for education of all individuals with exceptional needs.
  - Provides for a one-year extension, to October 1, 2021 (and requires an interim progress report), for when recommendations are provided from a workgroup related to improving the transitions of three-year olds to LEAs from regional centers, and improving access to and coordination of LEA Medi-CAL billing and other programs.
  - Extends the reporting date for Multi-tiered System of Support (SUMS Project) from June 30, 2020 to June 30, 2021 because the project cannot collect the necessary data from participants due to COVID-19 school closures.
  - Allows the Superintendent of Public Instruction to waive various requirements of the Afterschool Education and Safety program as needed to provide flexibility for the 2020-21 school year and to prorate funding rates for programs offering more than three hours a day and up to six hours a day.

- Waives the requirement that the Fiscal Crisis and Management Assistance Team complete a comprehensive review of Inglewood Unified School District in 2019-20 due to COVID-19 constraints.
- Extends the testing window for the English Language Proficiency Assessment for California (ELPAC) into the fall of 2020 to be used for the reclassification of pupils from English learner to English proficient. Extends the timeline for the initial assessment of pupils for English language proficiency using the ELPAC by 45 calendar days for the 2020-21 fiscal year. Requires LEAs to screen new pupils, pending assessment results, to ensure pupils informally determined to be English learners receive appropriate supports as soon as possible.
- Specifies that the State Board of Education shall not publish the California School Dashboard (Dashboard) in December 2020, specifies that valid and reliable data shall be published on the DataQuest website or through other means and specifies that LEAs identified for technical assistance or intervention pursuant to the 2019 Dashboard remain identified until the release of the 2021 Dashboard.
- Allows a charter school that is scheduled to open or add a grade level for the 2020-21 school year to delay opening or adding a grade for one year without submitting a material revision to its chartering authorizer.
- Allows all county offices of education to meet statutory requirements to annually visit, examine, and report on a school's sufficient textbook, facility, and School Accountability Report Card data conditions, as specified, if the school is on a decile 1-3 Academic Performance Index list provided by the State Superintendent, in the 2019-20 and 2020-21 school years, through a combination of site visits and staff surveys; allows surveys in lieu of site visits with COVID-19 closure justifications; waives on-site visits during the pandemic closure period, and waives unannounced visit requirements.
- Extends by one year the deadline that requires transitional kindergarten teachers to obtain 24 units of early childhood education as part of their education requirements.
- Amends requirements for the Student Performance and Stakeholder Engagement section of the Local Control and Accountability Plan template to be adopted by the State Board of Education by January 31, 2022.
- Extends by one year, the grant period for the Bilingual Teacher Professional Development Grant.
- Provides for various flexibilities for the Migrant Education Program related to program operations, meetings, and conferences.
- Suspends the requirement that school districts, county offices of education, and community college districts make facilities available for Migrant Education Summer School programs in 2020 if facilities are closed due to the COVID-19 pandemic.

- Allows the California High School Proficiency Exam to be offered more than once a semester, and requires test administration conditions meet public health requirements.
- Allows the State Superintendent of Public Instruction to designate alternatives for students who would graduate in 2020 or 2021 to earn the State Seal of Biliteracy, and to waive the California Assessment of Student Performance and Progress for students graduating in 2020 and 2021.
- **Redevelopment Agency Property Tax Backfill.** The budget provides a backfill for special education programs for 2020-21 to the extent that property tax revenues from Redevelopment Agency dissolution is not sufficient to cover the appropriation in the 2020 Budget Act for Special Education.
- **Proposition 98 Split.** The budget extends the suspension of the Proposition 98 statutory split for K-12 education and community colleges for the 2020-21 fiscal year.
- **Physical Performance Test.** The budget suspends the Physical Performance Test for the 2020-21 school year and requires the Superintendent of Public Instruction to consult with experts and other stakeholders and provide recommendations on the purpose and administration of the test to the appropriate fiscal and policy committees of the Legislature, the Department of Finance, and the State Board of Education by November 1, 2022.
- **Employee Protections.** The budget included the following requirements related to employees:
  - Prevents school districts from terminating certificated employees from July 1, 2020, to July 1, 2021, with the exception of those employees in positions that require administrative or supervisory credentials.
  - Prevents the governing boards of school districts, community college districts, county offices of education, or joint powers authorities from terminating classified employees for lack of funds or lack of work if they hold classifications or are in positions in nutrition, transportation, or custodial services from July 1, 2020, to July 1, 2021. Legislative intent language was included that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in the 2020-21 fiscal year.
- **Fiscal Crisis and Management Assistance Team.** The budget extends the timeline for the Fiscal Crisis and Management Assistance Team to complete the required written status report for school districts who have received emergency loans from every six months, to an annual report. The budget also makes technical amendments to the process by which school district budgets are reviewed and technical clean-up amendments to update the activities of the Fiscal Crisis and Management Assistance Team, aligning statute with actual practice. Exempts specified employees of the Fiscal Crisis Management and Assistance Team and the California School Information Services, from the merit system.
- **Micro-Colleges.** The budget includes language to prevent school districts, charter schools, and county offices of education from expending Proposition 98 funds for courses or instruction offered



by private or public colleges or universities beyond what is required in pursuit of a high school diploma, except for courses or instruction in which students are enrolled in prior to July 1, 2020.

- **Educational Revenue Anticipation Fund.** The budget requires the State Controller’s Office, in consultation with the Department of Finance, to develop guidance by December 31, 2020 for the allocation of K-12 Educational Revenue Anticipation Fund (ERAF) by County Auditor Controllers commencing with calculations for the 2019-20 fiscal year.
- **School Facilities Program K-12 Audit.** The budget amends the School Facilities Program K-12 Audit Guide Process to clarify that existing auditing standards required for K-12 financial and compliance audits would apply to facilities audits, that completed audits should first be submitted to the State Controller’s Office, and shifts the responsibility for invoicing audit disallowances from CDE to the Office of Public School Construction.
- **Property Tax Adjustments.** The budget amends the amount of funding appropriated to offset General Fund paid to the San Francisco Unified School District and San Francisco County Office of Education as a result of a miscalculation of offsetting property tax revenues in the 2016-17 fiscal year to reflect updated calculations
- **Lawsuit Settlement.** The budget provides \$1.9 million in one-time General Fund for attorneys' fees related to the *Ella T. v. State of California* lawsuit settlement.
- **Federal Funds Adjustments.** The budget amends appropriations for a variety of federal education programs to reflect available one-time carryover and changes to federal grant awards.
- **Other Technical Changes.** The budget also reflects various technical changes related to baseline workload cost changes and other adjustments, including adjustments related to how fiscal apportionments are made to charter schools that were required to make changes under provisions of AB 1505 (O’Donnell, Chapter 486, Statutes of 2019) and provisions of AB 1507 (Smith, Chapter 487, Statutes of 2019).

## REDUCTIONS AND ADJUSTMENTS

- **Full-Day Kindergarten Facilities Grant Program.** The budget reverts to the General Fund, \$300 million in available unspent funds provided for the Full-Day Kindergarten Facilities Grant Program in the 2019-20 Budget Act for grants to school districts that lack the facilities to provide full-day kindergarten.
- **Adults in Correctional Facilities Program.** The budget reduces Item 6100-158-0001 of the Budget Act of 2019 by \$9.8 million Proposition 98 General Fund to reflect savings related to the unexpended balance of the Adults in Correctional Facilities Program.
- **Exploratorium.** The budget eliminates an ongoing appropriation of \$3.5 million in Proposition 98 funding for the Exploratorium to provide training and statewide resources on the Next Generation Science Standards.

## EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS

Overall, the 2020 budget provides \$5.3 billion (\$1.7 billion Proposition 98 General Fund, \$1.9 billion General Fund, \$1.7 billion federal funds, and \$124.6 million Proposition 64 Special Funds) for child care, state preschool, and transitional kindergarten programs.

- **Transitional Kindergarten.** Transitional kindergarten is considered the first year of a two-year kindergarten program. Children whose fifth birthday falls between September 2<sup>nd</sup> and December 2<sup>nd</sup> may be admitted to a transitional kindergarten program (children are admitted to Kindergarten if their fifth birthday falls before September 2<sup>nd</sup>). Starting in 2015-16, children whose fifth birthday is after December 2<sup>nd</sup> may be admitted to transitional kindergarten (as developmentally appropriate); however, these students do not generate state funding until they reach their fifth birthday. The budget provides \$878 million for transitional kindergarten in 2020-21, approximately the same as in 2019-20 as transitional kindergarten is part of the Local Control Funding Formula, which was held harmless at the 2019-20 level as part of the budget agreement.
- **California State Preschool Program.** State preschool provides part-day or full-day care and education for low-income three and four-year-old children. The budget provides \$1.3 billion total for state preschool, including part-day, full-day, and full-day wrap child care.
- **Child Care.** The budget provides approximately \$1.7 billion for CalWORKs child care, a 15.6 percent increase over 2019-20. Specifically, it provides \$486 million for Stage 1; \$579 million for Stage 2; and \$640 million for Stage 3. In addition, the budget includes \$1.3 billion for non-CalWORKs child care programs, a 14.7 percent increase over 2019-20, including general child care (\$523 million), the Alternative Payment Program (\$701 million), a bridge program for foster children (\$58 million), and migrant and severely disabled child care (\$47 million). Of the funds for the Alternative Payment Program, \$53.3 million was added in new federal funds in 2020-21 for approximately 5,600 new ongoing childcare service slots.

## EARLY CHILDHOOD CARE AND EDUCATION CHANGES

- **Administrative Changes for Child Care Programs.** The budget included the Early Childhood Development Act to transfer all child care programs, with the exception of the California State Preschool Program from the Department of Education to the Department of Social Services, commencing July 1, 2021. Establishes the position of Deputy Director of Child Development within the Department of Social Services, to be appointed by the Governor and confirmed by the Senate. The Department of Social Services, in consultation with the Department of Education is required to provide a report detailing the transition and planning efforts by March 31, 2021 and quarterly updates from October 1, 2020, to December 31, 2024. The budget appropriates \$2.3 million one-time non-Proposition 98 General Fund for the transition.
- **Child Care Growth Adjustment.** The budget amends the growth adjustment for child care programs, including state preschool, based on population growth of children ages zero to four, to be applied only when the adjustment is greater than zero.

**COVID -19 PANDEMIC RESPONSES.**

As part of the 2020-21 budget, the state received additional federal funds related to COVID-19 pandemic relief, the state allocated those funds and adjusted policies in response to the pandemic as follows:

- The budget includes a hold harmless for child care providers operating contracts with the Department of Education (California State Preschool Programs, General Child Care Programs, Family Childcare Home Education Networks, Migrant Child Care and Development Programs, and Programs for Children with Special Needs) for the 2020-21 fiscal year. Specifically, for those providers who remain open or re-open within a specified time frame, or are closed by a local or state public health order (or those located on an LEA campus that is closed), reimbursement shall be at 100 percent of the maximum contract amount or 100 percent of enrollment, whichever is greater. Child care programs that remain closed due to a health order are required to provide distance learning services.
- The budget increased the allowable non-operative days for alternative payment program providers in 2020-21 by an additional 14 days, for COVID-19 related closures. Current regulations allow up to 10 paid non-operative days annually within a California Alternative Payment Program and Stages One, Two, and Three child care provider's contract.
- The budget specifies that commencing July 1, 2020, alternative payment programs shall provide notice, including the effective date, of any changes to rates, care schedules, fees, or terminations to child care providers on the same day a notice of action is issued to a family.
- The budget requires alternative payment agencies to provide specified data about child care caseload in the alternative payment program to the Department of Education on a monthly basis.
- The budget extends the waiver of family fees for child care services to all families through August 31, 2020 and waives family fees for the 2020-21 fiscal year, for any enrolled family not receiving care services, either due to site closure, distance learning, or a family's need to shelter-in-place.
- The budget allows the Superintendent of Public Instruction to provide guidance and not require parent signatures for CDE-administered child care programs during the COVID-19 pandemic, under certain circumstances.
- **Federal CARES Funding:** The budget allocates \$152.3 million Federal Trust Fund Child Care and Development Block Grant Supplemental Fund in fiscal year 2019-20 for transfer to the General Fund to offset \$152.3 million in costs associated with the state's response to mitigating the COVID-19 impact on child care programs. The state costs incurred to provide assistance and relief to child care providers and families in 2019-20 in immediate response to the COVID-19 pandemic were as follows: \$50 million allocated for child care services provided to workers deemed essential during the response to COVID-19 and at-risk children and \$50 million to child care providers for the purposes of cleaning, sanitation, and other activities necessary to maintain or resume the operation of programs pursuant to SB 89 (Committee on Budget and Fiscal Review, Chapter 2,

Statutes of 2020), and \$44.3 million (including \$3.3 million for a CalWORKs Stage 1 family fee suspension) for continued payments and assistance to child care providers and families as a result of decreased enrollment or closures related to COVID-19, and \$8 million provided for a 30-day extension of the family fee waiver for child care programs, consistent with Executive Order N-66-20.

- **Additional Federal Support.** Legislation appropriates \$198 million Federal Trust Fund Child Care and Development Block Grant Supplemental Fund for the following:
  - \$62.5 million to support alternative payment programs to reimburse providers at families' certified need, regardless of attendance, until June 30, 2021, or until funds are exhausted.
  - \$31.25 million in flat rate, per child stipends for alternative payment programs based on the number of subsidized children enrolled and the average cost of care.
  - \$31.25 million to fund the increase in the allowable non-operative days for alternative payment program providers in 2020-21 by an additional 14 days, for COVID-19 related closures.
  - \$73 million to extend child care for children of essential workers and at-risk children who received care with the \$50 million provided for care under SB 89 (Committee on Budget and Fiscal Review, Chapter 2, Statutes of 2020), for at least 90 days. Further extends any unspent funds from the \$50 million provided for care under SB 89 (Committee on Budget and Fiscal Review, Chapter 2, Statutes of 2020) for the same purpose of extending care for families. Prioritizes these children for permanent enrollment in available capacity within the alternative payment program if they meet program requirements.
- Specifies that if additional federal funds are received for these purposes in the 2020-21 fiscal year, the Department of Education shall prioritize funds as follows:
  - Up to \$30 million for reimbursing child care providers for family fees waived for families enrolled, but not receiving in-person care, from September 1, 2020, to June 30, 2021, inclusive.
  - Up to \$35 million to support alternative payment programs, including migrant alternative payment programs, to reimburse providers for providing short-term child care to eligible children when a provider is closed.
  - Up to \$100 million for alternative payment providers to extend access to child care for children of essential workers, at risk children, and other eligible children, as specified, in order of priority.
  - Up to \$30 million to increase capacity for up to two years for general child care programs and state preschool programs.
  - Up to \$15 million in stipends to assist child care providers with the costs of re-opening.
  - Up to \$90 million in stipends to assist all subsidized child care providers.

## REDUCTIONS AND ADJUSTMENTS

- **Early Learning and Care Infrastructure and Workforce Development Grant Program.** The budget specifies that \$263 million in unspent non-Proposition 98 General Funds provided for the Early Learning and Care Infrastructure Grant Program and \$195 million (\$150 million non-Proposition 98 General Fund and \$45 million federal funds) for the Early Learning and Care Workforce Development Grants Program shall revert to the General Fund on June 30, 2020.
- **State Preschool Slots.** The budget makes \$161 million in ongoing reductions to the State Preschool Program (\$130 million Proposition 98 General Fund and \$31 million non-Proposition 98 General Fund).
- **Early Childhood Policy Council.** The budget reduces the funding for the Early Childhood Policy Council by \$2.2 million non-Proposition 98 General Fund.

## DEPARTMENT OF EDUCATION STATE OPERATIONS ISSUES

The budget provides total state operations funding of \$436.4 million, and authority for 2,254.1 positions for the Department of Education headquarters and the state special schools. This includes an increase of 9.5 positions and \$3.6 million, specifically:

- \$1.5 million in one-time federal funds for workload related to the allocation and monitoring of federal CARES Act funding.
- \$696,000 ongoing non-Proposition 98 General Fund and three positions to track the implementation of changes for charter school petitions and renewals pursuant to AB 1505 (O'Donnell) Chapter 486, Statutes of 2019.
- \$336,000 ongoing non-Proposition 98 General Fund and three positions to support workload related to deferrals and average daily attendance changes in the budget.
- \$335,000 one-time non-Proposition 98 General Fund to fund the Instructional Quality Commission to updated curriculum frameworks for visual and performing arts, world languages, and mathematics, and the development of a model curriculum in ethnic studies pursuant to AB 2862 (O'Donnell) Chapter 647, Statutes of 2016, AB 2290 (Santiago) Chapter 643, Statutes of 2016, and AB 2016 (Alejo), Chapter 327, Statutes of 2016.
- \$200,000 one-time non-Proposition 98 General Fund to support a Young People's Task Force.
- \$192,000 ongoing increased Special Fund reimbursement authority to support the Administration of the California High School Proficiency Exam.
- \$100,000 one-time non-Proposition 98 General Fund for the development of the Learning Continuity and Attendance Plan.

- \$77,000 ongoing non-Proposition 98 General Fund and 0.5 positions to update and develop teacher training resources to support lesbian, gay, bisexual, transgender, queer, and questioning students pursuant to AB 493 (Gloria), Chapter 775, Statutes of 2019.
- \$77,000 ongoing non-Proposition 98 General Fund and one position to fund an American Sign Language interpreter.
- \$50,000 one-time non-Proposition 98 General Fund for the security at the State Board of Education and Instructional Quality Commission Meetings.
- Two positions to establish a state team to support emergency preparedness and response for schools.

### **6360 CALIFORNIA COMMISSION ON TEACHER CREDENTIALING**

The budget includes the following changes related to the work of the California Commission on Teacher Credentialing, in addition to minor workload and technical adjustments:

- Extends for one year the time of validity of exam scores used to satisfy a requirement for the issuance of a teaching credential, certificate, permit, or waiver for scores between March 19, 2020, and June 30, 2021.
- Extends to 120 days the time of validity of fees submitted to the Commission on Teacher Credentialing with paper applications for teaching credentials not available for online renewal or recommendation.
- Reduces the requirement for the field practice assignment for a pupil services credential to take place in only one school setting from March 19, 2020, to June 30, 2021, instead of two or more school settings.

#### **K-12 Education Budget Trailer Bills**

1. *K-12 Education Finance – Senate Bill 117 (Committee on Budget and Fiscal Review), Chapter 3, Statutes of 2020.*
2. *K-12 Education Finance – Assembly Bill 76 (Committee on Budget), Chapter 5, Statutes of 2020.*
3. *K-12 Education Omnibus – Senate Bill 98 (Committee on Budget and Fiscal Review), Chapter 24, Statutes of 2020.*
4. *K-12 Education Omnibus Clean-Up – Senate Bill 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020.*

# HIGHER EDUCATION

## 6120 CALIFORNIA STATE LIBRARY

- **Digital Access.** The budget provides \$3.6 million federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to assist library entities, museums, and tribal partners in expanding digital inclusion, access, and related technical support in under-served, low-income communities.
- **Braille Institute of Los Angeles.** The budget approves the Governor's budget proposal to provide \$500,000 ongoing General Fund to support the Braille Institute of Los Angeles.
- **California Library Services Act.** The budget approves the Governor's May Revision proposal to reduce support for the California Library Services Act by \$1.5 million General Fund.
- **Corporation for Education Network Initiatives in California (CENIC).** The budget approves the Governor's Budget proposal to increase General Fund support by about \$200,000 to cover CENIC dues.
- **Digital Repository.** The education clean up trailer bill, Senate Bill 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020, authorizes the State Library to create a digital repository to collect and receive copies of state publications in digital format to be made available publicly. The bill also adjusts the number of printed publications to be submitted to the State Library.
- **Various Library Actions.** The budget approves the Governor's May Revision proposals to withdraw the Governor's Budget proposals to support a new legislative affairs position, Zip Books and Lunch at the Library programs.

## 6440 UNIVERSITY OF CALIFORNIA (UC)

- **Base Adjustment.** The budget restores the Governor's budget proposal to provide a five percent or \$169.2 million General Fund base increase to UC.

In addition, the budget approves a reduction of \$471.6 million General Fund, which would be restored on October 15, 2020 if additional federal funding is provided to the state. The budget specifies that it is the intent of the Legislature that UC use reserves to mitigate potential cuts, and that cuts do not have a disproportionate impact on low-income students, students from underrepresented minority groups, and other disadvantaged students. The budget bill also requires the UC to report to the Legislature regarding the reduction by campus, a description of the stakeholder consultation process used to make cuts, an explanation of how those actions were decided, and a statement of reasons describing how the UC's decisions minimize harm to the enrollment of and services provided to students eligible for Pell Grants, students from underrepresented minority groups, and other disadvantaged students.

- **University of California Subject Matter Project.** The higher education budget trailer bill, Senate Bill 116 (Committee on Budget), Chapter 25, Statutes of 2020, directs UC Subject Matter Projects in mathematics, science and English/language arts to address learning loss related to the COVID-19 crisis. The budget provides \$6 million in federal funds for this purpose.
- **UC Summer Financial Aid.** SB 116 provides \$4 million General Fund one-time for UC summer financial aid and the program shall be suspended on December 31, 2021.
- **UC Riverside.** The budget restores the Governor’s budget proposal to provide \$25 million ongoing General Fund to support the UC Riverside School of Medicine.
- **UC San Francisco School of Medicine Fresno Branch.** The budget restores the Governor’s budget proposal to provide \$15 million ongoing General Fund to the UC San Francisco School of Medicine Fresno Branch Campus, in partnership with UC Merced.
- **Redirection of Deferred Maintenance Funds.** The budget redirects \$24.4 million General Fund in unspent deferred maintenance funds from 2019-20 to be used in 2020-21 to support core operations, including enrollment and student support services.
- **UC Davis Animal Shelter Grant.** The budget specifies that if philanthropic resources are not raised by April 1, 2021 for an animal shelter grant program, then the Director of Finance may provide up to \$5 million one-time for a demonstration grant program for animal shelters through UC Davis Koret Shelter Medicine program. This funding shall be available for encumbrance or expenditure until June 30, 2025.
- **UC Employment and Capital Outlay.** Senate Bill 820 authorizes, starting on January 1, 2021 for the UC to proceed with General Fund capital expenditures upon signed certification that all cleaning, maintenance, grounds keeping, food service or other work traditionally performed are by UC employees at each facility, building or property. This excludes construction work and other types of work, including carpentry, electrical, plumbing, glazing, painting and other craft work designed to preserve, protect or keep facilities in a safe and usable condition. The bill also specifies that starting with the 2021-22 fiscal year, the Department of Finance shall approve each new and ongoing capital expenditure only after the UC has demonstrated compliance with the above.
- **UC Los Angeles Powell Library.** The budget authorizes \$14.11 million in available left over bond funding to support the University of California, Los Angeles Powell Library Seismic Renovation Project.
- **Authorized Uses for Debt Savings.** SB 820 also authorizes the UC, for the 2020-21 and 2021-22 fiscal years, to use savings from refunding, retiring or restructuring bond debt to mitigate impacts to programs and services that predominately support underrepresented students and to provide for continued employment of employees without resorting to layoffs, furloughs and reductions-in time. The bill also encourages the UC to collaborate with donors to identify resources to support the same purposes.



- **Various UC Actions.** The budget approves the May Revision proposal to authorize increases in the campus assessment fees to support the UC Path program. The budget requires an annual report on UC Path staffing and funding levels and whether UC Path has reduced campus costs. The budget also defers without prejudice trailer bill language allowing UC to transfer funding among programs and funding sources, including restricted funds, for 2020-21 through 2023-24.

SB 820 also extends the deadline for the UC to adopt a policy implementing the Native American Graves Protection and Repatriation Act from January 1, 2020 to January 1, 2021.

## **6600 HASTINGS COLLEGE OF LAW**

- **Base Adjustment.** The budget restores the Governor's budget proposal to increase General Fund support for Hastings by \$1.4 million ongoing General Fund. The budget also includes a trigger cut to Hastings of \$1.9 million General Fund, which would be restored if additional federal funding is provided to the state.

## **6610 CALIFORNIA STATE UNIVERSITY (CSU)**

- **Base Adjustment.** The budget restores the Governor's budget proposal to increase General Fund support for CSU operations by five percent, or \$199 million General Fund ongoing. The budget also includes a reduction of \$498.1 million, which will be restored on October 15, 2020 if federal funding is provided to the state.

The budget states that it is the intent of the Legislature that CSU use reserves to mitigate potential cuts, and that cuts do not have a disproportionate impact on low-income students, students from underrepresented minority groups, and other disadvantaged students. The budget also requires CSU to report on the level of cuts by campus, a description of the stakeholder consultation process used to make cuts, an explanation of how those actions were decided, and a statement of reasons describing how the CSU's decisions minimize harm to the enrollment of and services provided to students eligible for Pell Grants, students from underrepresented minority groups, and other disadvantaged students.

- **CSU Summer Financial Aid.** SB 116 provides \$6 million General Fund for CSU summer financial aid and the program will be suspended on December 31, 2021.
- **Redirection of Deferred Maintenance Funds.** The budget redirects \$146 million General Fund in unspent deferred maintenance funds from 2019-20 to be used in 2020-21 to support core operations, including enrollment and student support services.
- **Various CSU Actions.** The budget approves the May Revision proposal to withdraw the Governor's budget proposal to provide \$6 million for CSU Extension Degree Completion programs. The budget also defers without prejudice trailer bill language allowing CSU to transfer funding among different programs and funding sources, included restricted funds, for 2020-21 through 2023-24.

**6870 CALIFORNIA COMMUNITY COLLEGES (CCC)**

- **Student Centered Funding Formula (SCFF).** SB 116 specifies the 2019-20 base, supplemental and student success allocation rates for the SCFF, and commencing with the 2020-21 fiscal year, these rates are to be adjusted for changes in the cost-of-living adjustments. The bill also specifies that for the 2020-21 fiscal year, colleges may use the 2019-20 data in place of 2020-21 data to calculate the base allocation. The bill also specifies that for the 2020-21 supplemental allocation and student success allocation, colleges may use 2018-19 data in place of the 2019-20 data.

SB 116 provides a two-year extension of the SCFF hold harmless provision from 2021-22 to 2023-24. The bill includes legislative intent language to specify that for the 2020-21 fiscal year, 70 percent of the funding is for the base allocation, 20 percent for supplemental, and 10 percent for student success.

The budget rejects the Governor's May Revision proposal to cut the SCFF by \$593 million.

- **Community College Deferrals.** SB 116 specifies that for the 2020-21 fiscal year, a total of \$1.45 billion Proposition 98 General Fund shall be deferred from June to July, May to August, April to September, March to October and February to November. The bill also provides a hardship waiver of \$30 million for each of the 2020-21 deferral payments, and authorizes the Controller, Treasurer and Department of Finance to provide additional hardship amounts of up to \$60 million total for each month of the deferrals.

SB 116 specifies that by August 1, 2021 and each year after, the Department of Finance shall notify the Joint Legislative Budget Committee of each district that requested an exemption, and information about the amount they requested and were provided, and information on why a request was not granted. The bill specifies that if the amount that the waivers requested are larger than the funds available, the Chancellor's office and Department of Finance shall prorate the amount to districts.

- **CCC COVID-19 Response Block Grant.** The budget provides \$120 million one-time (\$66.26 million Proposition 98 General Fund and \$53.74 million Federal Funds) for the CCC COVID-19 Response Block Grant. This block grant will fund activities that support student learning and mitigate learning loss. Allowable expenditures includes professional development, information technology, mental health services, and cleaning supplies and protective equipment. The budget requires the Chancellor's Office to submit a report to the Legislature by January 1, 2023, on the use and effectiveness of these funds.
- **CalBright College Reduction.** The budget reduces funding for Calbright College by \$5 million ongoing and \$40 million one-time Proposition 98 General Fund.
- **Community College Fifty Percent Law - COVID-19 Expenses.** SB 116 authorizes that for the 2020-21 fiscal year only, expenditures related to the COVID -19 virus that are not otherwise normal expenditures are exempt from the 50 percent law. The 50 percent law requires community college districts to allocate no less than 50 percent of its general fund expenditures to "salaries of classroom instructors," under a formula based upon the current expense of education.

- **Rejects Governor’s Proposed Program Reductions.** The budget rejects the Governor’s May Revision proposals to reduce funding for the following programs: (1) Strong Workforce and K-12 Strong Workforce programs, (2) the Student Equity and Achievement Program, (3) adult education, (4) part-time faculty office hours and compensation, and (5) CCC Academic Senate.
- **Dreamer Resource Liaison Program.** The budget rejects the May Revision proposal to move the Dreamer Resource Liaison program into the Student Equity and Achievement Program. The budget provides \$5.8 million ongoing Proposition 98 General Fund to support the Dreamer Resource Liaison program.
- **Fair Pay to Play Act.** The budget approves the Governor’s budget proposal to provide \$700,000 one-time General Fund to support a working group to review current rules governing the use of athletes’ names, images and likeness per the Fair Pay to Play Act.
- **Immigrant Legal Services.** The budget approves the Governor’s budget proposal to provide \$10 million Proposition 98 General Fund ongoing support for immigrant legal services at community colleges.
- **CCC Classified Staff.** The education finance omnibus budget trailer bill, Senate Bill 98 (Committee on Budget), Chapter 24, Statutes of 2020, includes legislative intent language that prevents the governing boards of community college districts from terminating classified employees for lack of funds or lack of work if they hold classifications or are in positions in nutrition, transportation, or custodial services from July 1, 2020, to July 1, 2021. The bill also specifies legislative intent language that community college districts retain all classified employees in the 2020-21 fiscal year.
- **CCC Capital Outlay Projects:** The budget approves 33 new and 15 continuing capital outlay projects using Proposition 51 funding. It also approves the May Revision proposal to reappropriate funds for nine projects. These projects are as follows:

**New CCC Capital Outlay Projects (Dollars in Millions)**

College	Project	2020-21		All Years	
		Phases	State Cost	State Cost	Total Cost
Los Angeles Trade-Technical	Design and media arts building replacement	P,W <sup>(a)</sup>	\$2.4	\$35.3	\$69.7
El Camino	Music building replacement	P,W	2.0	27.2	54.7
Los Angeles Valley	Academic building 2 replacement	P,W	1.7	23.9	47.1
Compton	Physical education complex replacement	P,W	1.6	23.3	46.0
Orange Coast	Chemistry building replacement	P,W	1.4	20.6	40.6
Sierra	Gymnasium renovation and expansion	P,W	2.4	27.9	37.2
Riverside	Life science/physical science building renovation	P,W	1.6	27.4	35.2
Los Angeles Pierce	Industrial technology building replacement	P,W	1.2	16.7	33.1
Mission	New performing arts building	P,W	1.0	14.1	30.7
Cypress	Fine arts building renovation	P,W	1.5	18.1	29.8
Cuyamaca	Instructional building replacement, phase 1	P,W	1.0	14.5	28.6
Siskiyous	Theater arts building renovation	P,W	2.0	27.5	27.5
East Los Angeles	Facilities maintenance and operations building replacement	P,W	0.8	12.2	23.3
Grossmont	Liberal arts/business/computer science buildings renovation	P,W	0.9	11.3	22.1
Antelope Valley	Gymnasium renovation	P,W	0.9	12.6	20.6
Long Beach (Pacific Coast Campus)	Construction trades building replacement II	P,W	1.3	16.2	20.3
Santa Rosa	Tauzer Gym renovation	P,W	0.9	10.3	20.1

Chabot	Maintenance and operations building replacement	P,W	0.7	8.9	17.5
Folsom Lake (Rancho Cordova Center)	Center expansion, phase 2	P,W	0.4	9.0	17.4
Crafton Hills	Performing arts center renovation	P,W	0.6	7.4	14.4
West Los Angeles	Plant facilities/shop replacement	P,W	0.5	5.8	11.5
Barstow	Hydronic loop and water infrastructure replacement	P,W	0.7	9.9	9.9
Santa Rosa (Public Safety Training Center)	Center expansion	P,W	0.4	5.0	7.4
Napa Valley	Industrial technology building renovation	P,W	0.3	3.0	5.9
Yuba	Fire alarm systems replacement	P,W	0.4	4.1	5.1
College of Alameda	Aviation Complex Replacement	P,W	1.1	12.7	25.1
Saddleback College	Science Math Building Reconstruction	P,W	1.3	20.6	40.7
San Francisco City College	Cloud Hall Reconstruction	P,W	1.6	20.5	62.7
Sierra College	Science Building Phase 1	P,W	2.4	25.6	50.3
Yuba College	Building 800 Life & Physical Science Modernization	P,W	0.4	3.7	4.7
Shasta College	Building 200 (Library) Modernization	P,W	1.4	15.3	21.3
Fullerton College	Music/Drama Complex-Buildings 1100 & 1300 Replacement	P,W	3.3	41.6	53.1
Mt San Antonio College	Technology and Health Replacement	P,W	5.2	78.3	160.2
<b>Totals</b>			<b>\$45.30</b>	<b>\$610.50</b>	<b>\$1093.80</b>
<sup>(a)</sup> P: Preliminary plans, W: Working Drawings					

**Continuing CCC Capital Outlay Projects (Dollars in Millions)**

College	Project	2020-21		All Years	
		Phases	State Cost	State Cost	Total Cost
Saddleback	New Gateway Building	C <sup>(a)</sup>	\$23.6	\$25.4	\$58.4
Irvine Valley	New fine arts building	C	20.8	22.5	51.1
Clovis	New applied technology building, phase 1	C	24.1	25.9	50.6
West Valley	Learning resource center renovation	C	17.8	19.4	38.7
Skyline	Workforce and Economic Development Prosperity Center renovation	C	18.1	19.3	38.2
Cañada	Building 13 multiple program instructional center renovation	C	8.6	9.4	26.2
Merced	New agricultural science and industrial technologies complex	C	12.2	12.6	24.9
Lake Tahoe	Science renovation, phase 1	C	9.4	10.8	21.6
Sequoias	Basic skills center replacement	C	13.9	15.2	16.9
Fresno	Child development center replacement	C	12.3	13.3	16.5
Cosumnes River (Elk Grove Center)	Center expansion, phase 2	C	8.1	8.5	16.5
Reedley	Child development center replacement	C	9.4	10.2	12.7
Butte	Technology building renovation	C	7.1	7.6	10.1
Canyons	Boykin Hall renovation	C	4.3	4.7	9.2
San Mateo	Water supply tank replacement	C	5.0	5.5	6.1
<b>Totals</b>			<b>\$194.70</b>	<b>\$210.30</b>	<b>\$397.70</b>

<sup>(a)</sup> C: Construction

- **Members of the Board of Governors.** SB 820 adds the Lieutenant Governor as a voting member of the Community College Board of Governors.
- **Use of Lottery Funds.** SB 820 updates the definition of instructional materials for local education agencies and community colleges to allow the use of lottery funds to include laptop computers and devices that provide internet access for use by pupils, students, faculty and teachers.
- **Various Community College Actions.** SB 116 encourages community college districts to expedite the development of short-term workforce training programs related to economic recovery. SB 116 also requires that as a condition of receiving Student Equity and Achievement funds, colleges must provide support to, or establish an on-campus food pantries or regular food distributions.

The budget approves the May Revision proposal to withdraw several Governor's budget proposals, including funding for textbooks for dual enrollment students, zero-textbook-cost degrees, the faculty diversity fellowship program, work-based learning models, budget year apprenticeship instructional hours, increases to the California Apprenticeship Initiative and Chancellor's Office, and cost-of-living adjustments for adult education and other categorical programs. The budget also defers without prejudice trailer bill language allowing CCC to transfer funding among different programs and funding sources, included restricted funds, for 2020-21 through 2023-24, and the creation of the System of Support program.

## 6980 CALIFORNIA STUDENT AID COMMISSION

- **Cal Grant Awards for Students Attending Private Non-Profit Colleges and Universities.** SB 116 sets the Cal Grant amount for students attending private non-profit colleges and universities at \$9,084 for the 2020-21 academic year. The budget provides \$8.9 million General Fund one-time for this purpose.
- **Dreamer Service Incentive Grant and Emergency Financial Aid.** SB 116 specifies that the \$15 million General Fund provided in the 2019-20 budget act for the Dreamer Service Incentive Grant shall be redirected to provide emergency financial aid for AB 540 students at UC, CSU and CCCs. The Dreamer Service Incentive Grant program will resume in the 2021-22 academic year.
- **Golden State Teachers Grant Program.** SB 116 makes technical adjustments to the Golden State Teachers Grant program to clarify that the funds are for students enrolled in an accredited institution of higher education, the funds shall be available for encumbrance until June 30, 2023, and funds shall supplement other financial aid. The budget reverts \$88.4 million General Fund from the program back to the state General Fund. The budget specifies that if additional federal funding is provided to the state by October 15, 2020, then this funding for the program will be restored. The budget approves the May Revision proposal to provide \$15 million in federal funds to support grants for special education teachers.
- **Middle Class Scholarship Program.** SB 116 specifies that for the 2019-20 fiscal year and each year thereafter, \$117 million shall be allocated for the Middle Class Scholarship Program.
- **Student Loan Workgroup.** The budget modifies the May Revision proposal and provides \$250,000 one-time General Fund for a student loan working group. The workgroup will research strategies and concepts to help ensure that student loan borrowers are able to access the most financially beneficial loan programs, most affordable repayment plans, and any available debt service forgiveness programs. The workgroup shall submit a report describing its findings to the Department of Finance and the Legislature no later than September 1, 2021.
- **Grant Delivery Modernization.** The budget approves the Governor's budget proposal to provide \$5.3 million General Fund to support the Grant Delivery Modernization project.
- **Child Savings Account Program.** The budget approves the May Revision proposal to reduce 2019-20 support for the child savings program from \$25 million one-time General Fund to \$10 million one-time General Fund.

- **Various California Student Aid Commission (CSAC) Actions.** The budget approves the May Revision proposals to withdraw the Governor’s budget proposal to provide \$1.8 million General Fund to relocate the CSAC offices. The budget also approves the May Revision proposal to modify the Governor’s budget proposal to provide \$334,000 to support the National Voter Registration Act. The budget also approves the May Revision proposals for technical adjustments to the APLE, SNAPLE, John J. Justice Grant, and Middle Class Scholarship programs.

### **Other Higher Education Actions**

- **California Kids Investment and Development (CalKIDS).** SB 820 modifies the birth registration information collected to include voluntarily provided email address and mobile telephone numbers of parents to be used for the CalKIDS Program only. The bill requires the Department of Public Health to share a parent’s mobile telephone number and email address, and participation in the Women, Infants and Children program and other identifiable birth data as specified, for the purpose of administering the California KIDS program at the Scholarshare Board.

### **Higher Education Budget Trailer Bills**

1. *Education Finance Omnibus - Senate Bill 98 (Committee on Budget and Fiscal Review), Chapter 24, Statutes of 2020.*
2. *Higher Education - Senate Bill 116 (Committee on Budget and Fiscal Review), Chapter 25, Statutes of 2020.*
3. *Education Clean Up - Senate Bill 820 (Committee on Budget and Fiscal Review), Chapter 110, Statutes of 2020.*



SUBCOMMITTEE 2  
ON  
NATURAL RESOURCES,  
ENVIRONMENTAL  
PROTECTION, ENERGY AND  
TRANSPORTATION

Senate Committee on Budget and Fiscal Review

*Members*

Bob Wieckowski, Chair  
Brian Dahle  
Mike McGuire  
William W. Monning  
Henry Stern

*Consultants*

James Hacker  
Joanne Roy

# SUBCOMMITTEE No. 2

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# NATURAL RESOURCES

## 0540 CALIFORNIA NATURAL RESOURCES AGENCY (CNRA)

- **Museum Grant Program.** The budget appropriates \$1 million California Cultural and Historical Endowment Fund for competitive grants to museums to support small capital projects and programming.
- **Ocean Protection Council (OPC): Once-Through Cooling (OTC) Interim Mitigation.** The budget appropriates \$1 million Ocean Protection Trust Fund spending authority to disburse mitigation fees paid by Southern California Edison for decommissioning activities at the San Onofre Generating Station to offset impacts from the power plant's OTC technology. OPC has established the OTC Interim Mitigation Program and receives and disburses up to \$5.4 million annually to support projects that improve marine life.
- **Cap and Trade Expenditure Plan: Climate Resilience Research, Regional Collaboration, and Implementation.** The Governor proposed \$6 million Greenhouse Gas Reduction Fund. This proposal was deferred without prejudice.
- **Environmental Justice and Tribal Affairs.** The budget appropriates \$360,000 Environmental License Plate Fund (ELPF) ongoing and two positions to support and expand CNRA's effort to institutionalize environmental justice and tribal consultation practices into its program planning, development, and implementation decisions.
- **Proposition 68: Technical Adjustment.** The budget makes a technical adjustment of \$109,000 to CNRA.
- **Modification Natural Resources Agency New Facility Relocation.** The Governor's January Budget proposed \$9.6 million General Fund one-time to conduct critical activities and acquisitions associated with its required move to the new facility. The May Revision (MR) decreased this proposal by \$4.8 million to reduce the level of resources associated with the agency's move to the new facility. The agency's relocation will be evaluated consistent with the Administration's proposal to make state government more efficient through workforce telework opportunities that may result in the restocking of state offices. The MR also includes budget bill language requiring the use of funding be contingent on the completion of this evaluation. Approved as modified.
- **Reappropriations.** The budget reappropriates the balances of funds from various support and local assistance appropriations, with funding available for encumbrance or expenditure until June 30, 2023. This will provide additional time for project completion and the funding to be spent for the same purposes for which the funds were originally appropriated.
- **Extensions of Liquidation.** The budget extends the liquidation period for various local assistance appropriations to allow sufficient time for project completion.

- **Proposition 84: Continuation of San Joaquin River Restoration Project.** The budget appropriates \$12 million Proposition 84 with extended encumbrance through June 30, 2023, to support continued restoration of the San Joaquin River.
- **Salton Sea Management Plan Operations.** The budget adds two permanent positions to support increased workload associated with the implementation of the Salton Sea Management Plan.
- **Biological Opinions Litigation.** The budget includes \$515,000 General Fund for litigation costs associated with the release of the federal biological opinions.
- **Reversion of Legislative Investments.** The May Revision proposed to revert the unencumbered balance of various Legislative investments in the 2019 Budget Act. This proposal was rejected.
- **Good Neighbor Authority (GNA) Fund Trailer Bill Language.** The budget includes statutory changes through trailer bill language to establish the GNA Fund in the State Treasury to facilitate the implementation of forest management projects on federal lands. Under GNA Agreements, state and local agencies agree to complete vegetation management projects on federal lands in cooperation with the US Forest Service. GNA Agreements authorize these entities to sell timber harvested during these activities to offset project costs and support implementation of new GNA projects. This new fund will serve as a depository for timber sale revenues generated by state agencies through the completion of GNA projects, which will be reinvested to help increase the pace and scale of forest treatment activities on federal lands.
- **Loan from the Environmental Enhancement and Mitigation Program Fund to the General Fund.** The budget authorizes a \$17 million loan from the Environmental Enhancement and Mitigation Program Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified conditions.
- **Economic Stimulus Acceleration.** The budget appropriates \$9.3 million Proposition 1 to support multi-benefit projects that improve coastal and marine water quality; \$9.6 million Proposition 68 to support projects that build ecosystem and coastal community resilience; and \$5 million Proposition 68 to support projects that improve marine ecosystem health.

### 3100 CALIFORNIA SCIENCE CENTER

- **California Science Center Elevator.** The budget reappropriates the remaining balance of \$2.5 million General Fund one-time that was appropriated in 2019 to install a new elevator for Americans with Disabilities Act compliance and to assist handicapped visitors.

### 3100 EXPOSITION PARK

- **Budget Increase for Parking Operations.** The budget includes a total of \$417,000 Exposition Park Improvement Fund: \$91,000 in 2020-21 and \$326,000 in 2021-22 to cover increased expenses for parking operations.

- **Ongoing Increase to Reimbursement Authority.** The budget increases Item 3100-001-0267 by \$400,000 to allow Exposition Park to additional security staff and overtime costs associated with an anticipated increase in special events.

### 3125 CALIFORNIA TAHOE CONSERVANCY

- **Increase Reimbursement and Federal Trust Fund Authority.** The budget increases reimbursement and Federal Trust Fund authority by \$2.1 million.
- **Technical adjustments.** The budget includes various technical adjustments including Lake Tahoe Science and Lake Improvement Account State Operations and Local Assistance that result in a net zero shift as well as a reversion of Proposition 1 funding.
- **Lease Renewal.** The budget includes \$603,000 and budget bill language to make this amount available, upon approval by the Department of Finance, for costs associated with tenant improvement projects the California Tahoe Conservancy will undertake to facilitate its operations in conjunction with executing a new long-term lease for its current facility in South Lake Tahoe.
- **Proposition 1 Reappropriation.** The budget reappropriates the unencumbered balance of Proposition 1 local assistance funding appropriated in 2015-16 to make the funds available for encumbrance or expenditure until June 30, 2023, and for liquidation until June 30, 2025. This reappropriation will provide additional time for: (1) the conservancy to leverage unallocated funds to support grants for new projects, and (2) grantees to complete projects that have already been initiated.
- **Proposition 68 Reappropriation.** The budget reappropriates the unencumbered balance of Proposition 68 for state operations funding and makes the funds available for encumbrance or expenditure until June 30, 2021. This reappropriation will provide additional time for the conservancy to complete planning, monitoring, and administrative activities, consistent with the purpose for which the funds were originally appropriated.
- **Increase Reimbursement and Federal Trust Fund Authority.** The budget amends Item 3125-001-0140 by increasing reimbursements by \$210,000; and Item 3125-001-0890 by \$823,000 to reflect the anticipated level of federal, state, and local reimbursements that will be available to the conservancy in 2020-21. These adjustments also reflect changes in the conservancy's projected reimbursement funding plan based on project work that has been completed to date.
- **Capital Outlay: Various Projects.** The budget appropriates \$850,000 for various minor projects.
- **Capital Outlay: Conceptual Feasibility Planning.** The budget appropriates \$622,000 for conceptual feasibility planning.

**3340 CALIFORNIA CONSERVATION CORPS (CCC)**

- **Continue Operation and Maintenance Funding for the C-Cubed System.** The budget appropriates \$150,000 Collins-Dugan California Conservation Corps Reimbursement Account annually for four years to fund improvements and maintenance for the C-Cubed system, e.g. adding and modifying functionalities to track corps member time, recruitment efforts and outcomes, and reimbursement contracts.
- **Proposition 84 Funding for Local Conservation Corps (LCC).** The budget appropriates \$1.3 million Proposition 84 with provisional language making the funds available until June 30, 2023, to enable CCC to provide grants to LCC for conservation and facility development projects consistent with the requirement of the bond.
- **Technical Adjustments.** The budget includes various technical adjustments.
- **Capital Outlay: Residential Center, Ukiah: Replacement of Existing Center.** The budget appropriates \$61.6 million Public Buildings Construction Fund to replace the existing center in Mendocino County to address functional and structural deficiencies.
- **Capital Outlay: Tahoe Base Center.** The budget reverts funding related to equipment storage relocation.

**3480 DEPARTMENT OF CONSERVATION (DOC)**

- **California Geologic Management Division (CalGEM).** The budget appropriates funding to CalGEM for 25 positions as follows: (1) assessment of financial liability of oil companies and orphaned wells (SB 551) — 10 positions; (2) strengthening of financial assurance requirements for oil companies (AB 1057) — four positions; (3) improvement of transparency of gas leaks (AB 4630) — two positions; (4) public outreach/data transparency — two positions; (5) regulatory compliance and oversight — five positions; and, (6) enforcement — two positions. These resources are intended to strengthen oversight and enforcement of oil and gas operations as well as limit the state's financial liability, improve public transparency, and implement chaptered legislation.
- **Lease Cost Increase.** The budget appropriates \$1.2 million Oil, Gas, and Geothermal Administrative Fund ongoing to pay increased leasing costs for new facilities in Bakersfield.
- **Oil and Gas Environmental Remediation Account.** The budget increases the baseline appropriation by \$146,000 Oil and Gas Environmental Remediation Account to plug and abandon oil and gas wells, decommission attendant facilities, and remediate sites that pose a danger to life, health, water quality, wildlife, or natural resources.
- **Tsunami Hazard Zone Mapping.** The budget appropriates \$600,000 Strong-Motion Instrumentation and Seismic Hazards Mapping Fund annually for three years to map Tsunami Hazard Zones along 1,100 miles to coastline.

- **Proposition 68: California Farmland Conservancy Program.** The budget appropriates \$250,000 Proposition 68 for the California Farmland Conservancy Program.
- **Well Statewide Tracking and Reporting (WellSTAR) System Reappropriation.** The budget reappropriates up to \$2 million Oil, Gas, and Geothermal Administrative Fund to make funds available for encumbrance or expenditure until June 30, 2021, which will enable the department to continue enhancing the functionality of the WellSTAR system. Although the project remains on schedule, certain services will be performed beyond the current availability of funding.
- **Stream Gage Plan (SB 19).** The budget appropriates \$119,000 for the Stream Gage Plan implementation.
- **Net-Zero Technical Reimbursement Authority Adjustment.** The budget amends Item 3480-001-0001 by decreasing reimbursements by \$1.5 million General Fund and Item 3480-001-0338 by increasing reimbursements by \$1.5 million Strong-Motion Instrumentation and Seismic Hazards Mapping Fund. This net-zero shift will consolidate all reimbursement authority associated with the Geologic Hazards and Mineral Resources Conservation Program to a single item.
- **Loan from the Hazardous and Idle-Deserted Well Abatement Fund to the General Fund.** The budget authorizes a loan of up to \$10 million from the Hazardous and Idle-Deserted Well Abatement Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Loan from the Strong-Motion Instrumentation and Seismic Hazard Mapping Fund to the General Fund.** The budget authorizes a loan of up to \$5.4 million from the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.

### 3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)

- **Modification of Fire Protection Enhancements: Relief Staffing.** The Governor's January Budget proposed an increase of \$142.6 million (\$135.1 million General Fund) and 555 positions, phased in over five years, including \$93.4 million (\$85.7 million General Fund) and 294 positions in 2020-21 to provide CalFire additional firefighting staff to provide operational flexibility throughout the fire year based on fire conditions, support relief for firefighting personnel, and improve employee health and safety. The May Revision retained the January relief staffing augmentation for CalFire with some modifications. Under the revised proposal, the 2020-21 budget would provide a total of \$85.6 million General Fund including: (1) \$44 million for seasonal firefighters and surge capacity that will be available for the 2020 fire season, (2) \$34 million to hire 172 new state staff positions that will come on board in the fall of 2020, and (3) \$7.5 million to augment contract counties. Under the May Revision proposal, the augmentations would increase and phase in over five years before reaching a total of 493 new positions and \$135 million in 2024-25 ongoing. The budget includes \$85.6 million and 172 positions, as proposed in 2020-21 and on an ongoing basis. However, rejected augmentations above \$85.6 million and 172 positions proposed to begin in 2021-22 and beyond.



- **Innovation Procurement Sprint.** The budget appropriates \$4.4 million General Fund in 2020-21, \$7.6 million ongoing, and 24 positions to implement the FireSIM and FireCAST technologies that were identified by CalFire, in collaboration with the California Department of Technology and Department of General Services, as innovative and sustainable solutions that address the state's challenges with severe wildfires. The recently executed contract will enable CalFire to access a wildfire predictive software program that can perform hundreds of millions of simulations daily, over large geographic areas, and generate predictions and wildfire forecasts based on simulated or actual/reported ignition points throughout the state. The output from the software program will be used to inform fire suppression operations and tactics, with the intent to more readily control and contain wildfires, and to protect people and assets at risk.
- **Technical Proposals: Tree Mortality Funding Reappropriation.** The budget reappropriates funding to address tree mortality.
- **Enhanced Industrial Leave (SB 344 and SB 1134).** The budget appropriates \$5 million General Fund one-time for estimated increase in overtime costs. Overtime backfill will be reviewed on an annual basis until three years of data is available to demonstrate incremental increase in costs related to SB 344 and SB 1144, at which time CalFire's ongoing funding needs will be assessed.
- **Resources Agency Technical Proposals: Urban Forestry (Propositions 40 and 84).** The budget appropriates \$3.97 million Propositions 40 and 84 for purposes of urban forestry.
- **Proposition 68: Reversion and New Appropriation.** The budget includes a reversion and new appropriation of \$1.1 million Proposition 68 to CalFire.
- **Fire Safe Building Standards and Defensible Space Program (SB 190).** The budget includes \$689,000 Building Standards Administration Special Revolving fund and two positions starting in 2020-21, and \$588,000 and two positions ongoing, to develop a model defensible space program, a Wildland Urban Interface (WUI) Fire Safety Building Standards Compliance training, and a WUI products listing.
- **Electronic Positive Response (Protection of Underground Infrastructure) (AB 1166).** The budget includes \$365,000 California Underground Facilities Safe Excavation (Dig Safe) Fund and one position in 2020-21, \$335,000 Dig Safe Fund in 2021-22, and \$175,000 in 2022-23 and ongoing to implement AB 1166 (Levine), Chapter 453, Statutes of 2019, which requires every operator of a subsurface installation to supply electronic positive response through a regional Notification Center before the excavation start date.
- **Firefighters: Peer Support (AB 1116).** The budget appropriates \$50,000 California Fire and Arson Training Fund one-time to establish a Peer Support and Crisis Referral Program.
- **Modification of Forest Resources Improvement Fund (FRIF) Expenditure Authority Re-Baseline.** The Governor's January Budget proposed \$3 million FRIF in 2020-21 and \$2.4 million FRIF in 2021-22 ongoing to re-baseline the FRIF state operations budget to support all authorized positions and programmatic expenditures in addition to costs to operate and maintain the eight Demonstration State Forests. The May Revise decreased FRIF by \$3 million, consistent with the

withdrawal of various funding augmentations, without prejudice that were included in the Governor's January Budget. However, the May Revise retains clean-up statutory changes to clarify the conditions under which required transfers from FRIF to the General Fund should occur. The budget includes the May Revise proposal.

- **Modification of Wildfire Mitigation Financial Assistance Pilot Program and Defensible Space (AB 38).** The Governor's January Budget included a proposal for both the California Office of Emergency Services and CalFire, which jointly requested \$10.1 million (\$1.8 million General Fund and \$8.3 million Greenhouse Gas Reduction Fund (GGRF)) in 2020-21, \$7.7 million (\$1.6 million General Fund and \$6.1 million GGRF) annually through 2024-25, \$6.1 million GGRF ongoing, and 33 positions to implement AB 38. This also included \$100 million (\$25 million General Fund and \$75 million Federal Trust Fund) for Cal OES to administer wildfire mitigation grants through the home hardening pilot program. For the CalFire portion of the proposal, the May Revision decreased the General Fund portion by \$933,000 and three positions (essentially withdrawing this position of the January proposal). The May Revision maintained \$8.3 million GGRF and 26 positions for CalFire to address workload related to defensible space compliance documentation requirements for home sellers in High and Very High Hazard Severity Zones, and assisting CNRA with completing a regional forest health and fire prevention capacity review. The GGRF requests, consistent with all GGRF proposals, were deferred without prejudice. As a result, the budget includes \$0 and 0 positions related to implementation of AB 38.
- **Emergency Medical Services — Dispatch (SB 438).** The budget increases 3540-001-0001 by \$1.5 million General Fund and two positions to enable CalFire to create connections out from its computer-aided dispatch (CAD) system to CAD systems operated by emergency medical services (EMS) providers. Creating CAD to CAD connections will enable EMS providers to more effectively and efficiently respond to emergency incidents.
- **Joint Institute for Wood Products Innovation Budget Bill Language.** The budget adds provisional language to Item 3540-001-3212 (Timber Regulation and Forest Restoration Fund (TRFRF)) to enable the Joint Institute for Wood Products Innovation, with the Board of Forestry and Fire Protection to administer grants, consistent with the purpose for which the funding was appropriated, as described in the 2018-19 Forest Carbon Plan Budget Change Proposal.
- **Board of Forestry and Fire Protection Effectiveness Monitoring Budget Bill Language.** The budget adds provisional language to Item 3540-001-3212 (TRFRF) to enable the Board of Forestry and Fire Protection to administer grants to facilitate its role in monitoring the effectiveness of the Z' Berg-Nejedly Forest Practices Act and associated statutes and regulations.
- **Greenhouse Gas Reduction Fund (GGRF) Reappropriations and Extensions of Liquidation.** The budget reappropriates GGRF funds from 2017, 2018, and 2019 Budget Acts to provide extended encumbrance and liquidation availability to support implementation of forest health and fire prevention projects. The COVID-19 State of Emergency has resulted in a number of implementation challenges and project delays, so additional time is needed to encumber and liquidate these funds for their intended purposes.

- **Reversion of Legislative Investments.** The May Revision proposed to revert unencumbered balances of various 2018 and 2019 Legislative investments. This proposal was rejected.
- **Loan from the Hazardous Liquid Pipeline Safety Fund to the General Fund.** The budget authorizes a loan of up to \$3 million from the California Hazardous Liquid Pipeline Safety Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Loan from the Forest Resources Improvement Fund to the General Fund.** The budget authorizes a loan of up to \$2.8 million from the Forest Resources Improvement Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Overtime Settlement.** The budget reappropriates \$4.8 million to address cash-in-lieu of benefits overtime settlement with Bargaining Unit 8.
- **Economic Stimulus Acceleration.** The budget appropriates \$1.6 million Proposition 12 to support urban and community forestry projects.
- **Capital Outlay.** The budget includes the following appropriations for CalFire capital outlay projects:
  - **Perris Emergency Center: Remodel Facility:** \$2.3 million General Fund.
  - **Bieber Forest Fire Station/Helitack Base: Relocate Facility:** \$24.6 million special fund.
  - **Lake/Napa Unit Autoshop and Warehouse: Replacement:** \$2.1 million General Fund.
  - **Various Projects – Miscellaneous Baseline Adjustments:** \$341,000 special fund.
  - **Various Projects – Carryover:** \$20.2 million General Fund.
  - **Modification of C130 Air Attack Base (AAB): Infrastructure Improvements.** The Governor’s January Budget proposed \$13.6 million for continuing infrastructure improvements at four AABs for operation of C130 Aircraft. The May Revision decreases by \$11.4 million to remove construction appropriations that were included in January for Paso Robles, Fresno, and Ramona AABs. The May Revision also included a reappropriation for design funding for these projects, which were originally appropriated in the 2019 Budget Act. However, design delays have occurred due to the complexity of the projects. Approved as modified.
  - **Modification of Minor Projects — Technical Adjustments.** The Governor’s January Budget proposed \$4.6 million General Fund for five minor projects located throughout the state. The May Revision decreases by \$1.95 million General Fund. The remaining appropriation of \$2.65 million is needed for minor projects most critical to fire/life safety. Approved as modified.

- **Modification of Shasta Trinity Unit Headquarters/Northern Operations: Relocate Facility.** The Governor’s January Budget proposed \$5.998 million General Fund for the working drawings phase of this project to construct a new joint facility to co-locate the Shasta Trinity Unit Headquarters and several Northern Region Operations — Redding facilities in Shasta County. The total estimated cost is \$101.615 million. The May Revision decreases by \$5.998 million to remove working drawings funding for the Shasta Trinity Unit project and reverts preliminary plans funding in the amount of \$4.329 million appropriated in the 2019 Budget Act per workload Budget requirements. Approved as modified.
- **Modification of Various Technical Adjustments.** The budget includes reappropriation and reversion of eight existing General Fund and lease revenue bond funded projects.
- **Fund Shift — Ishi Conservation Camp: Replace Kitchen Project.** The budget includes the reversion of \$10.7 million General Fund for the construction phase, which was included in the 2019 Budget Act and increases \$10.7 million Public Buildings Construction Fund. Replacing the kitchen that burned down at this facility is critical for continued operations. The change in funding source allows this project to be completed without delay.
- **Adjustment of San Luis Obispo Unit Headquarters Replacement Project.** The budget shifts \$35.012 million in lease revenue authority from Item 3540-301-0660, 2019 Budget Act in order to be consistent with the 2015 Budget Act appropriation and to extend availability of working drawings: (1) Add Item 3540-301-6088 in the amount of \$35.012 million, (2) Amend Item 3540-490 to withdraw the reappropriation of construction proposed in the Governor’s January Budget, and (3) amend Item 3540-495 to eliminate Item 3540-301-0660, 2019 Budget Act project authority.
- **Halt Design and Construction of Ventura Training Center.** The budget reverts the working drawings (\$1.093 million) and construction (\$16.673 million) phase appropriations included in the 2018 Budget Act consistent with the workload budget requirements.
- **Halt Design of Potrero Forest Fire Station: Replace Facility.** The budget reverts the working drawings (\$981,000) phase appropriation included in the 2019 Budget Act. Halting capital outlay that have not yet broken ground is consistent with workload budget requirements.

### 3560 STATE LANDS COMMISSION (SLC)

- **Bolsa Chica Lowlands Restoration Project.** The budget appropriates \$2 million Environmental License Plate Fund (ELPF) one-time to fund continued operations and management for the Bolsa Chica Lowlands Restoration Project in Orange County. The existing operations and maintenance fund for the project is nearly depleted and no longer supports baseline costs.
- **Modification of Increased Lease Costs.** The Governor’s January Budget proposed \$4.754 million from various funds in 2020-21 for increased lease costs, tenant improvements, and restocking expenses at its Sacramento headquarters. In addition, the January proposal included \$358,000 in 2021-22, \$398,000 in 2022-23 and 2023-24, and \$436,000 in 2024-25 ongoing for increased rent costs. The May Revision decreased the General Fund portion by \$3.778 million and various special

funds by \$628,000. The total reduction is \$4.406 million to remove funding dedicated towards restocking and tenant improvement costs. Approved as modified.

- **Modification of Oil and Gas Decommissioning: Environmental Review and Feasibility Study.** The Governor's January Budget proposed \$5 million General Fund one-time for the next phase of oil and gas decommissioning work at Platform Holly and Rincon Island. This included \$600,000 for engineering feasibility studies for decommissioning alternatives and \$4.4 million to fund preparation of two separate environmental impact reports. The May Revision decreased the General Fund by \$2.5 million to reflect the shifting of funding for the South Ellwood Project's environmental review and feasibility study to 2021-22. Approved as modified.
- **Oil and Gas Plug Abandonment Reappropriation.** The budget reappropriates up to \$15 million General Fund to make funds available for encumbrance or expenditure until June 30, 2021, to continue Phase I of the South Ellwood Project, also referred to as Platform Holly. The 2018 Budget Act included \$108.5 million over three years for SLC to engage in plug and abandonment activities at two sites — Rincon Island in Ventura County and Platform Holly in Santa Barbara County. Although Rincon Island activities are on schedule, the Platform Holly plug and abandonment activities are taking longer to complete, resulting in a project timeline that will stretch beyond current funding availability.
- **Loan from the School Land Bank Fund to the General Fund.** The budget authorizes a loan of up to \$32 million from the School Loan Bank Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.

### 3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)

- **Baseline Cut.** The May Revision proposed a \$33.7 million General Fund decrease to the baseline of the Department of Fish and Game's budget, which was rejected.
- **Habitat Conservation Fund (HCF).** The 2019 Budget Act extended the HCF sunset date from 2020 to 2030. The Governor's Budget included trailer bill language to roll back the sunset of the HCF and shift \$18.9 million from HCF to the Biodiversity Fund, which were both rejected.
- **Withdrawal of Proposed Water Transfers from Groundwater Basins Underlying Desert Lands (SB 307).** The Governor's January Budget proposed two positions, \$420,000 General Fund in 2020-21 and \$400,000 ongoing to evaluate potential impacts to fish and wildlife and their habitats from proposed water transfers from groundwater basins underlying desert lands in San Bernardino County and to provide consultation with the State Lands Commission. The May Revision withdrew this proposal. The withdrawal was approved and the Administration indicated the cost to implement SB 307 can be absorbed within existing resources.
- **Freshwater and Estuarine Harmful Algal Bloom Program (AB 834).** The budget includes one position, \$214,000 General Fund in 2020-21 and \$202,000 in 2021-22 ongoing, to address the workload addressing harmful algal blooms and protecting water quality and public health.

- **Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658).** The Governor’s January Budget proposed five positions, \$1.119 million General Fund in 2020-21 and \$1.059 million ongoing to fund activities associated with a new streamlined temporary permit and temporary change order water permitting process to support groundwater storage. The May Revision withdrew this proposal for funding. The Administration indicated the cost to implement AB 658 could be recovered through fees and the withdrawal was approved.
- **Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658) Trailer Bill Language.** The budget includes trailer bill language requiring the State Water Resources Control Board, in setting a specified fee schedule, to include an amount estimated by the board, in consultation with DFW, necessary to recover costs incurred by the department.
- **Camp Fire Assistance Act of 2019 Implementation (AB 430).** The Governor’s January Budget proposed one position, \$275,000 General Fund in 2020-21 and \$220,000 ongoing to support increased workload in the Environmental Review and Permitting program. The May Revision withdrew this proposal and the Administration indicated that the cost to implement AB 430 could be absorbed within existing resources. The withdrawal was approved.
- **Statewide Bobcat Management (AB 1254).** The budget appropriates \$2.7 million General Fund for the Statewide Bobcat Management Plan to fund staff, field equipment, and vehicles to design and implement a statewide monitoring to assess bobcat populations as well as to develop a bobcat management plan and implement the state bobcat management program. AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until DFW completes a bobcat management plan and the California Fish and Game Commission authorizes the reopening of bobcat hunting seasons.
- **Stream Gaging Plan (SB 19).** The budget appropriates \$24,000 General Fund for the Stream Gage Plan. The Department of Water Resources, State Water Resources Control Board, DFW, and Department of Conservation requested funding in the Governor’s Budget for a total of \$1.57 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.
- **Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB 230).** The Governor’s January Budget proposed \$883,000 General Fund for law enforcement use of deadly force policy and training update. The May Revision withdrew this proposal. The Administration indicated the cost to implement this proposal could be absorbed within existing resources. The withdrawal was approved.
- **Federal Endangered Species Act Litigation Attorney’s Fees.** The budget appropriates \$344,000 General Fund to pay for one-time attorney’s fees related to federal Endangered Species Act litigation.
- **“Cutting Green Tape” Initiative.** The budget appropriates \$4 million General Fund for the “Cutting Green Tape” Initiative, to increase the scale and pace of restoration work, incorporate efficiencies into grant programs, and incorporate the use of programmatic permitting options.

- **Continuation of the Cannabis Regulatory and Enforcement Program.** The budget appropriates \$12.717 million (\$8.507 million Cannabis Tax Fund and \$4.21 million Lake and Streambed Alteration Dedicated Account) for three years to continue implementation of its cannabis regulatory program. DFW requested, and was approved, 14 positions and \$4.74 million ongoing starting in 2023-24, to make permanent its cannabis enforcement program.
- **Dedicated Fish and Game Preservation Fund Realignment.** The budget increases Item 3600-001-0200 by \$757,000 to align program expenditures with the associated revenues of 12 dedicated accounts within the the Fish and Game Preservation Fund. These resources are intended to help the department maintain stability, structural balance, and support workload. This includes various adjustments to the Fish and Game Preservation Fund’s dedicated accounts.
- **Salton Sea Management Plan Operations.** The budget adds two permanent positions to support implementation of the Salton Sea Management Plan.
- **Augmentation of Reimbursements to Various Programs.** The budget amends Item 3600-001-0200 by increasing reimbursement authority by \$9.565 million to reflect ongoing work related to biodiversity conservation, environmental review and technical assistance, and fish hatchery operations, pursuant to agreements with various entities.
- **Proposition 1 and 68 Reappropriation and Extension of Liquidation.** The budget reappropriates and makes funding available for encumbrance or expenditure until June 30, 2023, and liquidation until June 30, 2025, to continue existing programs.
- **Federal Trust Fund Authority Increase for Various Programs.** The budget increases Item 3600-001-0890 (Federal Trust Fund) by \$3 million to reflect additional federal grant funding available to complete various projects under the State Wildlife Grant Program and the Sport Fish Restoration Act Program.
- **Environmental Enhancement Fund Realignment.** The budget increases Item 3600-001-0322 by \$760,000 to provide better alignment of program expenditures with associated revenues in the Environmental Enhancement Fund, to promote stability, structural balance, and support workload.
- **Various Reappropriations.** The budget reappropriates various support funds from the 2016 and 2017 Budget Acts and makes those funds available for encumbrance or expenditure until June 30, 2021. This is intended to provide the department sufficient time to collect associated reimbursements, perform financial adjustments, and complete expenditure reconciliations.
- **Reversion of Legislative Investments.** The May Revision proposed to revert the unencumbered balance of Legislative investments in the 2019 Budget Act. This proposal was rejected.
- **Various Technical Adjustments.** The budget includes various technical adjustments such as reappropriations and extensions of liquidation.

- **Loan from the Oil Spill Response Trust Fund to the General Fund.** The budget provides a \$30 million loan from the Oil Spill Response Trust Fund to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Loan from the Oil Spill Response Trust Fund (0321) to the Oil Spill Prevention and Administration Fund (0320).** The budget provides a loan of up to \$6.5 million from the Oil Spill Response Trust Fund to the Oil Spill Prevention and Administration Fund to support the existing level of expenditures and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Capital Outlay: Various Projects.** The budget appropriates \$880,000 special funds for various minor capital outlay projects.
- **Economic Stimulus Acceleration.** The budget includes \$5 million Proposition 68 for deferred maintenance projects on DFW state-owned properties, \$8 million Proposition 1 to support watershed restoration projects, and \$2 million Proposition 1 to support water quality and ecosystem restoration in the Delta region.

#### **3640 WILDLIFE CONSERVATION BOARD (WCB)**

- **Various Technical Adjustments.** The budget includes various technical adjustments such as reappropriations and extensions of liquidation for Propositions 1, 12, 68, and 84.
- **Proposition 40 Reimbursement Authority Reduction.** The budget decreases reimbursements by \$1 million to reflect consistency with anticipated program reimbursements.
- **Wildlife Restoration Fund State Operations Authority Reduction.** The budget amends Item 3640-001-0447 to decrease by \$684,000 ongoing to align expenditures with anticipated revenues.
- **Upper Guadalupe, Los Gatos Creek, Saratoga Creek, and Adjacent Areas.** The budget reappropriates \$10 million General Fund for the purposes of acquisition, planning, design, development, public access, rehabilitation, restoration, protection, and expansion of wildlife corridors and open space, including projects to improve connectivity and reduce barriers between habitat areas in the Upper Guadalupe, Los Gatos Creek, Saratoga Creek, and adjacent areas from the San Jose Water Company and other land owners, until June 30, 2025.
- **Short-Term Cash Loan.** The budget includes provisional language stating that the Director of Finance may authorize a short-term cash loan of up to \$600,000 General Fund for WCB to support the payment of payroll and operational costs.



### 3720 CALIFORNIA COASTAL COMMISSION

- **Public Access Violation Enforcement Support.** The budget includes continuation of two positions and \$300,000 State Coastal Conservancy Fund's Violation Remediation Account for three additional years, to resolve public access violations.
- **Federal Coastal Zone Management Program Grant.** The budget appropriates \$375,000 Federal Trust Fund to align expenditures of the federal Coastal Zone Management Program with its annual grant award.
- **Regulatory Compliance of Coastal Zone Transportation Projects.** The budget adds six positions funded by reimbursements through a five-year interagency agreement between Caltrans and the Coastal Commission. These resources will execute planning and regulatory activities that advance regulatory compliance for coastal zone transportation projects.

### 3760 STATE COASTAL CONSERVANCY (SCC)

- **Proposition 68: Reversions and New Appropriations.** The budget includes \$11.9 million Proposition 68 local assistance funds through reversions and new appropriations as well as two positions for purposes of implementing Proposition 68.
- **Proposition 12 Reappropriation.** The budget reappropriates Proposition 12 local assistance funds from the 2017 Budget Act to allow for completion of the Ballona Wetlands project.
- **Proposition 68: State Coastal Conservancy Local Assistance Reappropriation.** The budget reappropriates Proposition 68 local assistance funding from the 2018 Budget Act to allow for the completion of various coastal forest conservation projects.
- **Restore Reimbursement Current Service Level (Proposition 68).** The budget increases Item 3760-101-6088 by \$6 million to reflect consistency with anticipated program reimbursements.
- **Technical Proposals: Reversion Item Cleanup (Language Only).** The budget amends Item 3760-495 to clarify certain amounts of 2018 Budget Act Proposition 68 local assistance funds are to be reverted.
- **Non-Proposition 68 Bond Reappropriations.** The budget reappropriates funds from prior years for various local assistance appropriations to allow additional time for project implementation.
- **General Fund Reappropriation.** The budget reappropriates General Fund moneys from the 2018 Budget Act for local assistance for purposes of the Santa Ana River Conservancy program.
- **Other Fund Reappropriations.** The budget reappropriates funds from prior years for various local assistance appropriations to allow additional time for project implementation.

- **Proposition 68 Reappropriations: Alameda Creek and Tijuana River Valley Restoration.** The budget reappropriates Proposition 68 local assistance funding for the Alameda Creek and Tijuana River Valley Restoration projects in the 2019 Budget Act.
- **Reappropriation.** The budget reappropriates \$3.9 million General Fund for the Ellwood Mesa Butterfly Preserve in the City of Goleta.
- **Various Technical Adjustments.** The budget includes various technical adjustments related to local assistance appropriations and adjustments to support appropriations.

### 3780 NATIVE AMERICAN HERITAGE COMMISSION

- **Modified Truth and Healing Council.** The Governor’s January Budget proposed \$450,000 Environmental License Plate Fund from 2020-21 through 2023-24, and \$225,000 in 2024-25 to support the establishment of the Truth and Healing Council, pursuant to Executive Order N-15-19. The May Revision decreased ELPF by \$350,000 to implement the proposal with a modified level of resources of \$100,000. The budget includes the modified May Revision proposal.

### 3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)

- **Baseline Cut to Parks.** The Administration proposed a \$30 million General Fund ongoing baseline cut to Parks that would have been scheduled to begin 2021-22. This proposal was rejected.
- **Outdoor Environmental Education Grant Program (AB 209).** The budget appropriates \$20 million General Fund for the Outdoor Environmental Education Grant Program.
- **Smoking Ban (SB 8).** The budget appropriates \$2 million for the state beaches and parks smoking ban implementation (SB 8).
- **COVID-Related Loss of Revenue.** The budget appropriates \$150 million General Fund to backfill the loss of revenue from park fees and fuel tax as a result of the pandemic.
- **Proposition 68: Program Delivery and Projects.** The budget appropriates \$8.9 million Proposition 68 for program delivery and projects.
- **Non-Profit Operated Park Unit Deferred Maintenance.** The budget appropriates \$4.87 million Proposition 68 for special repair and deferred maintenance projects in park units managed by non-profit organizations that have entered into operating agreements with the department.
- **Statewide Bond Costs — Website Management.** The budget adds Item 3790-001-6083 in the amount of \$285,000 for administrative costs associated with the continued operation of CNRA’s bond accountability website.

- **Proposition 68: Local Assistance Grants.** The budget appropriates \$197.3 million and adopts provisional language to clarify from which allocations of the Bond Act appropriations should be made. This funding will provide grants for the creation and expansion of safe neighborhood parks in park-poor neighborhoods.
- **Various Reappropriations.** The budget reappropriates funds from prior years for various support appropriations to allow additional time for project implementation.
- **Proposition 84 Grants.** The budget appropriates \$1.4 million Proposition 84 for nature, education, and research grants with provisional language making the funds available until June 30, 2023; and \$7.5 million for competitive grants with provisional language making the funds available until June 30, 2023, for local and regional parks.
- **Extension of Liquidation.** The budget extends the liquidation availability for the department's primary support appropriation.
- **Shift of Deferred Maintenance to Proposition 68.** The budget reverts \$44.343 million General Fund for deferred maintenance projects and appropriates \$44.3 million Proposition 68 to maintain support of these projects.
- **Reversion of 2019 Budget Act Legislative Investments.** The May Revision proposed to revert the unencumbered balance of various 2019 Legislative investments. This proposal was rejected.
- **Economic Stimulus Acceleration.** The budget includes \$4.625 million Proposition 68 to support local operations of state park units.
- **Capital Outlay.** The budget includes the following appropriations for capital outlay projects:
  - **Statewide: Museum Collection Storage Facility Acquisition:** \$15 million Proposition 84 for the acquisitions phase of the storage facility in Sacramento County.
  - **Statewide: State Park System Acquisition Program:** \$4.6 million from various bond funds for property appraisals and acquisition opportunities and in holding parcels made available to the department, with the goal of expanding and protecting existing state parks and providing other co-benefits to the state.
  - **Colonel Allensworth State Historic Park: Visitor Center:** \$572,000 California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund for the park's visitor center in Tulare County. Total estimated cost of the project is \$8.6 million.
  - **Humboldt Redwoods State Park: Replace Founders Grove Restroom:** \$225,000 Proposition 84 for the preliminary plans phase for the replacement of restrooms. Total estimated cost of the project is \$3.8 million.

- **Lake Perris State Recreation Area: Replace Lifeguard Headquarters:** \$414,000 Proposition 84 for the preliminary plans phase for the replacement of the lifeguard headquarters. Total estimated cost of the project is \$9.161 million.
- **Old Sacramento State Historic Park: Riverfront Improvements:** \$583,000 Proposition 68 for the preliminary plans phase of this project to create a space for visitors that provides opportunities for special events, a four-season river viewing experience, and a complementary space to the Sacramento waterfront. Total estimated cost of the project is \$5 million.
- **Modification of Equitable Access Program: New State Park.** The Governor's January Budget proposed \$20 million General Fund to purchase property for an unnamed, new state park. The May Revision decreased by \$15 million General Fund to reduce the proposal's impact to the General Fund while continuing to support equitable park access. Approved as modified.
- **Torrey Pines State Natural Reserve: Sewer and Utility Modernization.** The budget appropriates \$3.317 million Proposition 84 to provide the construction phase of an ongoing project to connect the park to local sewer systems and upgrade aging water and utility infrastructure.
- **Oceano Dunes State Vehicular Recreation Area.** The budget appropriates \$827,000 Off-Highway Vehicle Trust Fund to provide for the construction phase of this ongoing project intended to prevent sand and soil from being tracked onto public streets.
- **Pfeiffer Big Sur State Park: Low-Cost Alternative Coastal Lodging.** The budget appropriates \$178,000 State Park Contingent Fund to develop working drawings for an ongoing project to provide additional low-cost coastal accommodations within this park.
- **Silver Strand State Beach.** The budget appropriates \$375,000 to fund the study phase of a project to provide increased lower cost coastal accommodations at Silver Strand State Beach.
- **California Indian Heritage Center.** The budget adds Item 3790-311-3312 (Natural Resources & Parks Preservation Fund) and Item 3790-496 to revert out-year funding \$95.31 million for working drawings and construction of the California Indian Heritage Center while the project is in preliminary plans phase. As future project phases are lease revenue bond eligible, these changes will result in no project delays.
- **Reimbursement Authority.** The budget adds Item 3790-301-0392 (State Parks and Recreation Fund) to provide additional reimbursement authority to various capital outlay projects in order to make sure grants are available to the department and reverts project funding that is being replaced with grant awards.
- **Statewide Reappropriations.** The budget reappropriates funding for several ongoing projects consistent with updated project timelines.

- **Local Park Projects: Extensions of Liquidation and Reappropriations.** The budget includes extensions of liquidation and reappropriations of state funding for various local park projects.

### **3810 SANTA MONICA MOUNTAINS CONSERVANCY**

- **Various Reappropriations.** The budget reappropriates funds from various bond appropriations from prior years with funding available for encumbrance or expenditure until June 30, 2023, to allow additional time for project implementation.

### **3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION**

- **Public Records Act Litigation Attorney's Fees.** The budget appropriates \$343,000 General Fund one-time for attorney's fees and costs resulting from a court order issued pursuant to litigation.
- **Attorney General Fees.** The budget appropriates \$330,000 ongoing to support billing from the Department of Justice for services for enforcement activities.

### **3825 SAN GABRIEL AND LOWER LOS ANGELES RIVER AND MOUNTAINS CONSERVANCY**

- **Resources Agency Technical Proposal.** The budget reappropriates Proposition 1 funding to the San Gabriel and Lower Los Angeles River and Mountains Conservancy.
- **Proposition 68.** The budget appropriates \$2.8 million Proposition 68 for conservancy purposes.
- **Economic Stimulus Acceleration.** The budget includes \$1.15 Proposition 68 to support open space access improvements and other projects that fall within this conservancy's jurisdiction.

### **3830 SAN JOAQUIN RIVER CONSERVANCY**

- **San Joaquin River Parkway Enhanced Access.** The budget appropriates \$84,000 San Joaquin River Conservancy Fund to provide expanded public access opportunities on conservancy lands. The funding will allow the conservancy to engage with local partners to develop and manage the San Joaquin River Parkway.

### **3835 BALDWIN HILLS CONSERVANCY**

- **Proposition 68.** The budget reappropriates Proposition 68 funding to the Baldwin Hills Conservancy.

- **Various Technical Adjustments.** The budget includes various technical adjustments including reappropriations as well as a reversion and new appropriation of bond funding.

### **3845 SAN DIEGO RIVER CONSERVANCY**

- **Proposition 1 Adjustment.** The budget includes an adjustment of \$1.4 million in Proposition 1 funds.
- **Proposition 68 funds.** The budget includes a reversion and new appropriation of \$50 million in Proposition 68 funds.
- **Various Technical Adjustments.** The budget includes various technical adjustments to the San Diego River Conservancy.

### **3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY**

- **Proposition 12 Local Assistance.** The budget appropriates \$73,000 Proposition 12 for local assistance grants with provisional language to make the funds available for encumbrance or expenditure until June 30, 2023.
- **Bond Funding for Local Assistance.** The budget reappropriates Propositions 1, 12, 40, and 84 funding for local assistance.
- **Reimbursement Authority.** The budget reduces reimbursement authority by \$16 million.

### **3855 SIERRA NEVADA CONSERVANCY (SNC)**

- **Proposition 68: Local Assistance New Appropriation and Reversions.** The budget includes a new appropriation and reversion totaling \$5 million Proposition 68.
- **Sierra Nevada Conservancy Fund Cash Flow Technical Adjustment.** The budget increases Item 3855-001-8120 (Sierra Nevada Conservancy Fund) by \$1.45 million to meet the conservancy's cash flow needs associated with receiving reimbursements from grants and other agreements in arrears. The 2019 Budget Act included a transfer of \$1.45 million to the Sierra Nevada Conservancy Fund. This technical correction will enable the conservancy to make upfront payments of project costs in order to be eligible for reimbursements, which the cash flow transfer was intended to facilitate.
- **Federal Trust Fund and Reimbursement Authority Increases.** The budget increases Item 3855-001-0890 by \$511,000 and Item 3855-001-8120 by \$3.6 million to reflect the anticipated level of federal, state, and local reimbursements that will be available to the conservancy in 2020-21 based on grant and other agreements that have been executed to date. These adjustments also reflect changes in the conservancy's projected reimbursement funding plan based on the project work that has been completed to date.

- **Proposition 68.** The budget reverts and provides a new appropriation of \$5 million in Proposition 68 funds.
- **Proposition 1.** The budget reverts and makes technical adjustments of \$42,000 in Proposition 1 funds.

### **3860 DEPARTMENT OF WATER RESOURCES (DWR)**

- **Sustainable Groundwater Management Act (SGMA).** The budget appropriates \$9.6 million General Fund for the continued implementation of SGMA and the Legislature approved the Administration's proposal to withdraw \$30 million General Fund for local assistance grants to those impacted by SGMA implementation.
- **Systemwide Flood Improvement Projects.** The budget appropriates \$96 million (\$68 million Proposition 68, \$28 million Proposition 1) to support existing staff and contract work needed to carry out flood improvement projects.
- **Urban Flood Risk Reduction — American River Common Features Project.** The budget appropriates \$46 million General Fund one-time to support the state cost-share requirement of this critical flood risk reduction project being implemented by the US Army Corps of Engineers. The project received \$1.565 billion in federal appropriations through the Bipartisan Budget Act of 2018.
- **Perris Dam Remediation Plan.** The budget appropriates \$5 million Proposition 84 to support 7.2 existing positions and funds the development, rehabilitation, acquisition, and restoration related to providing public access to recreation and fish and wildlife enhancement (RFWE) resources at Perris Dam, a State Water Project (SWP) facility. The total cost is \$246.1 million, of which RFWE is 32.2 percent of \$79.24 million. This project will also be supported by \$9.8 million in SWP funds in 2020-21.
- **Proposition 68: Continuation of Various Flood and Restoration Programs.** The budget includes \$54.575 million Proposition 68 and five positions for the continuation of various flood and restoration programs.
- **Central Valley Flood Protection Board (CVFPB): Continuation of Existing Staffing.** The budget appropriates \$4.01 million General Fund in 2020-21, \$3.688 million in 2021-22 and 2022-23 to support 19 existing positions within the CVFPB. Revenue generating programs are not mature enough yet to support any CVFPB operations requiring limited-term General Fund support.
- **Public Affairs Office Staffing.** The budget includes six new positions to meet increasing demands for public information and reduce the need for overtime and contractors. DWR has seen a significant increase in public and media interest in DWR operations, specifically the SWP.
- **Various Technical Proposals: Continuation of Various Bond Programs.** The budget appropriates \$38.911 of various bond funds for the continuation of bond programs.

- **Federal Emergency Management Agency (FEMA) Grant Reimbursement.** The budget includes a total of \$36.25 million in reimbursement authority, which includes \$3.25 million in 2020-21 and \$8.25 million baseline authority in future years to be able to receive FEMA grants, one for hazard mitigation efforts and the other for high hazard dams.
- **Transmission Operator-Compliance Support.** The budget adds 23 new permanent positions and \$6.592 million California Water Resources Development Bond Fund to support registering and becoming functionally compliant as a Transmission Operator by September 2020, as mandated by the North American Electricity Reliability Corporation and Western Electricity Coordination Council, to maintain participation in the Bulk Electric System and deregulated electrical market. Failure to do so will result in significant fines and jeopardize SWP's ability to operate. SWP funds will support the new positions.
- **DWR Charge Fund Program Implementation (AB 1054).** The budget includes 11 positions and \$1.964 million DWR Charge Fund (Charge Fund) for the start-up and ongoing operations of the Charge Fund program, which includes re-purposing the collection of existing bond charges on California's electric investor-owned utilities' ratepayers from the Electric Power Fund program to the Charge Fund program, issuance of bonds, and compliance with regulatory and financial orders and agreements.
- **New River Improvement Project.** The budget appropriates \$18 million General Fund and \$10 million Proposition 68 to support the New River Improvement Project addressing solid waste and pollution exposure challenges in the City of Calexico.
- **Modification of Flood Planning Resources.** The Governor's January Budget proposed \$2.283 million General Fund in 2020-21 and \$2.089 million in 2021-22 ongoing to support critical programs and 8.5 existing staff positions responsible for planning and project implementation in the Central Valley. The purpose of the funding is to support mandated updates to the Central Valley Flood Protection Plan and implementation of the Conservation Strategy. The May Revision decreased the General Fund by \$2.283 million and added \$2.089 million Proposition 68 bond funds at a decreased level to continue supporting workload associated with statutory updates to the Central Valley Flood Protection Plan. Approved as modified.
- **DWR Charge Fund Legal Support.** The budget includes \$400,000 DWR Charge Fund and two permanent positions for increased workload related to AB 1054 (Holden), Chapter 79, Statutes of 2019, which created additional safety oversight and processes for utility infrastructure, recast recovery of costs from wildfire damages to third parties and authorized an electrical corporation and ratepayer jointly funded Wildfire Fund to address future related wildfire liabilities.
- **Salton Sea Management Plan Operations.** The budget adds six permanent positions to support increased workload associated with implementation of the Salton Sea Management Plan.
- **Proposition 68: Salton Sea Authority North Lake Pilot Project.** The budget appropriates \$19.25 million Proposition 68 with extended encumbrance through June 30, 2023, to support a pilot project at the north end of the Salton Sea.



- **Proposition 68: Central Valley Flood Protection Plan.** The budget increases Item 3860-001-6088 (Proposition 68) by \$4.85 million and Item 3860-101-6088 by \$1.9 million to support workload associated with the update to the Central Valley Flood Protection Plan.
- **Systemwide Flood Risk Reduction Technical Adjustment.** The budget increases Item 3860-301-6088 by \$34.68 million (Proposition 68) and amends Item 3860-495 to support the Lower Elkhorn Basin Levee Bryce project within the Systemwide Flood Risk Reduction program.
- **Grizzly Slough Floodplain Project Reimbursements.** The budget amends Item 3860-001-0001 by increasing reimbursements by \$2.701 million to support the Grizzly Slough Floodplain project.
- **Delta Compliance Program, Regulatory Support.** The budget adds two permanent positions for regulatory workload associated with the Incidental Take Permit for long-term operation of the State Water Project.
- **Stream Gaging Plan Implementation (SB 19).** The budget appropriates \$383,000 General Fund for implementation of the Stream Gaging Plan.
- **Reversion of Legislative Investments.** The May Revision proposed to revert the unencumbered balances of Legislative investments in the 2019 Budget Act. The proposal was rejected.
- **Extinguish Remaining Unissued Bond Authority (Propositions 122 and 82).** The budget includes trailer bill language to reduce the amount of indebtedness authorized by the Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990 and the Water Conservation Bond Law of 1988 to \$292.51 million and \$54.765 million, respectively. This trailer bill language is the extinguishment of old general obligation bonds that are no longer needed to reduce administration costs and was requested by the Treasurer's Office. This saves on ongoing administration to administer minimal remaining balances that are not enough to support another project.
- **Various Technical Adjustments.** The budget includes various technical adjustments including reappropriations, extensions of liquidation, and reversions.
- **Economic Stimulus Acceleration.** The budget includes:
  - \$7 million Proposition 1 to support two flood and ecosystem infrastructure projects including: Tisdale Weir project (\$2 million) and Lower Elkhorn Levee Setback Project (\$5 million).
  - \$53 million Proposition 1 to support levee repair work within the Delta region.
  - \$1.995 million Proposition 50 to support large flood and ecosystem infrastructure projects in the Delta region.

## 3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

- **Various Adjustments.** The budget includes various technical adjustments including reappropriation and extension of liquidation.

**3885 DELTA STEWARDSHIP COUNCIL (DSC)**

- **Modification of Delta Plan Implementation.** The Governor’s January Budget proposed five new positions and \$837,000 ELPF annually for three years to support science synthesis and science contracts administration, and essential core function efforts associated with Delta Plan Implementation. The May Revision decreased ELPF by \$490,000 and three positions to reduce the level of resources while still supporting the statutory requirements for the implementation of the Delta Plan. Approved as modified.
- **Extension of Liquidation.** The budget extends the liquidation period for a 2017 Budget Act General Fund appropriation until June 30, 2022, to allow additional time for activities that advance Delta Plan implementation.

**Natural Resources Budget Bill and Trailer Bills**

1. *Budget Act of 2020 – Senate Bill 74 (Mitchell), Chapter 6, Statutes of 2020.*
2. *Budget Act of 2020 – Assembly Bill 89 (Ting), Chapter 7, Statutes of 2020.*
3. *Budget Act of 2020 – Senate Bill 115 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2020.*
4. *Resources – Assembly Bill 92 (Committee on Budget), Chapter 18, Statutes of 2020.*

## ENVIRONMENTAL PROTECTION

### 0555 SECRETARY FOR ENVIRONMENTAL PROTECTION (CalEPA) AND VARIOUS DEPARTMENTS

- **Technical Adjustment: Environmental Justice Small Grants Program.** The budget reappropriates unencumbered balances and extends the liquidation periods for funding that supports the Environmental Justice Small Grants Program, which assists nonprofit community organizations and federally-recognized Tribal governments with addressing environmental justice issues in areas disproportionately affected by environmental pollution and hazards.
- **Federal Biological Opinions Litigation.** The budget appropriates \$1.03 million General Fund for the California Natural Resources Agency and CalEPA for one-time litigation costs associated with federal biological opinions. The Attorney General's Office filed a complaint against the federal government challenging the 2019 biological opinions issued by the US Fish & Wildlife and National Marine Fisheries Service regarding proposed operations of the Central Valley Project and State Water Project under the Endangered Species Act.
- **Technical Adjustment: Reduction to Unified Program Account Expenditures.** The budget decreases Item 0555-001-0028 by \$750,000 on a one-time basis to align expenditures with revenues.
- **Technical Adjustment.** The budget includes a technical adjustment to the Environmental Enforcement and Training Account.

### 3900 AIR RESOURCES BOARD (ARB)

- **Monitoring and Laboratory Division (MLD) & Information Services Program Support.** The budget includes \$172,000 Air Pollution Control Fund (APCF) and three positions in 2020-21 and \$340,000 in 2021-22 and ongoing thereafter, to address regulatory and security requirements within the MLD and technology security unit.
- **Southern California Headquarters Relocation and Building Management.** The budget appropriates \$6.724 million APCF one-time for relocation and travel costs to ARB's new southern California headquarters in Riverside.
- **Various Technical Adjustments.** The budget includes various technical adjustments such as reappropriations and extensions of liquidation, including a reappropriation of \$210.121 million in lease revenue bonds.
- **Community Air Protection (AB 617) Information Technology Projects.** The budget appropriates \$2.9 million APCF one-time to complete the AB 617 Integrated Multi-Pollutant Emissions Inventory and the Community Air Quality Monitoring information technology projects. These projects, initiated in 2018, were delayed because the vendor failed to meet project scope requirements and the

vendor contract was terminated. Additional funding for these projects is needed for project completion. The budget also includes provisional language to make these funds contingent upon California Department of Technology approval of project documents.

- **Technical Adjustment: Reappropriation of Greenhouse Gas Reduction Funds (GGRF) of the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project.** The budget reappropriates the disencumbered balance of Item 3900-101-3228, Budget Act of 2016. This funding will support heavy-duty vehicle investments in the state's disadvantaged and low-income communities through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project. This funding is available due to the cancellation of an advanced technology freight demonstration project in January 2020.
- **Southern California Consolidation Project Lease Revenue Bond Reappropriation.** The budget reappropriates lease revenue bond financing authority (\$270.121 million) of the Southern California Consolidated Lab. The project consolidates ARB administrative offices, vehicle emission testing and laboratory facilities. This project is currently in the design-build phase and is scheduled to be completed by February 2022.
- **Heavy-Duty Vehicle Inspection and Maintenance Program (SB 210).** The Administration proposed trailer bill language to delay implementation of the Heavy-Duty Inspection and Maintenance Program, which was rejected.
- **San Diego County Air Pollution Control District Audit (AB 423).** The budget includes \$185,000 special fund for the San Diego County Air Pollution Control District Audit.
- **AB 617 Implementation for Local Air Districts.** The budget includes \$50 million APCF for AB 617 implementation for local air districts.
- **Wildfire Smoke Clean Air Shelters for Vulnerable Populations Incentive Pilot Program (AB 836).** The budget appropriates \$5.51 million special fund for the Wildfire Smoke Clean Air Shelters for Vulnerable Populations Incentive Pilot Program.
- **Cap-and-Trade Auction Platform and Market Registry Database.** The budget includes an incremental increase of \$21.1 million (\$5.3 million in 2020-21) Cost of Implementation (COI) Account phased in over five years for membership services from the Western Climate Initiative, Inc. and includes provisional language to allow ARB to provide advance payment of up to 25 percent of quarterly membership costs to WCI, Inc.

### **3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)**

- **Implementation of Cannabis Regulations.** The budget appropriates \$3.5 million in 2020-21 and \$2.7 million in 2021-22 ongoing from the Cannabis Tax Fund for enforcement of cannabis-related pesticide use activities. This includes \$1 million annually for County Agricultural Commissioners for compliance assistance and enforcement activities. This also includes a contract with the

California Department of Food and Agriculture for laboratory testing of pesticide residue on legal cannabis grows. This appropriation conforms to action by Subcommittee 4.

- **Modification of Integrated Pest Management Work Group.** The Governor's January Budget proposed \$350,000 General Fund one-time to continue and build upon the work of an Integrated Management Pest Management Work Group started in 2019-20, which focuses on system-wide, long-term strategies for pesticide management. The May Revision eliminated General Fund support and added \$215,000 Department of Pesticide Regulation Fund to provide continued support for the Integrated Pest Management Work Group. This modified proposal eliminated funding for a limited-term position to conduct research for the work group. Approved as modified.

### **3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

- **Administrative and Accounting Support.** The budget includes 10 positions to meet increased workload needs due to several changes over the past year such as the transfer of the Drinking Water Program, Tank Program activities, Cannabis, and Safe and Affordable Drinking Water.
- **Continuation of Cannabis Program.** The budget appropriates \$22.556 million (\$10.5 million Waste Discharge Permit Fund, \$10.9 million Cannabis Tax Fund, and \$1.1 million Water Rights Fund) for three years to support 116 positions including an ongoing \$4.5 million Cannabis Tax Fund to support 24 permanent positions for the SWRCB's Cannabis Cultivation Program and addressing water quality and in stream flow related impacts of cannabis cultivation and associated water diversion.
- **Safe and Affordable Drinking Water Staffing.** The budget includes 48 positions to fully implement the new Safe and Affordable Drinking Water Program pursuant to SB 200 (Monning), Chapter 120, Statutes of 2019.
- **Accurate and Timely Assessment of California's Surface Water Quality.** The budget includes \$1.289 million Waste Discharge Permit Fund and eight positions to allow SWRCB to support timely assessments for the California Integrated Report, which is required under the federal Clean Water Act. These additional resources will help SWRCB and the regional water quality control boards to compile and prepare data for these reports.
- **Water Quality Permitting of Transportation Projects.** The budget amends Item 3940-001-0439 (Underground Storage Tank Cleanup Fund) by increasing reimbursements by \$1.473 million and 10 permanent positions to implement an interagency agreement with Caltrans to address additional workload due to an increased number of transportation projects and additional early coordination activities.
- **General Fund Reappropriation.** The budget includes Item 3940-491 to reappropriate funding with an extended encumbrance period until June 30, 2021 and liquidation until June 30, 2024, for local assistance funding for urgent drinking water needs and household drinking water/wastewater projects

- **Extension of Liquidation.** The budget extends the liquidation period of Timber Regulation and Forest Restoration Funds until June 30, 2021, for a restoration project along the Elk River. The funding for this project has been encumbered but requires an additional year to liquidate funding.
- **Air Pollution Control Fund (APCF) One-Time Offset.** The budget includes a loan of \$24 million from APCF to offset General Fund expenditures at SWRCB.
- **Water Resilience Portfolio.** The budget includes \$1.338 million Waste Discharge Permit Fund and six positions, and a reimbursement increase of \$500,000 and two positions to expedite recycled water permitting, implement critical wastewater/recycled water pretreatment inspections and analysis, evaluate constituents of emerging concerns, and expedite water rights permitting for Water Storage Investment Program projects.
- **Reversion of Legislative Investments.** The May Revision proposed to revert the unencumbered balance of various Legislative investments in the 2019 Budget Act. This proposal was rejected.
- **Loan from the Underground Storage Tank Cleanup Fund to the General Fund.** The budget includes Item 3940-011-0439 in the amount of \$500 million to authorize a loan from the Underground Storage Tank Cleanup Fund to the General Fund and provisional language authorizing repayment of all or a portion of the loan under specified circumstances.
- **Loan from the Site Cleanup Subaccount to the General Fund.** The budget includes Item 3940-011-3264 in the amount of \$25 million to authorize a loan from the Site Cleanup Subaccount to the General Fund and provisional language to authorize repayment of all or a portion of a loan under specified circumstances.
- **401 Water Quality Certification.** The budget includes trailer bill language to address the waiver of Section 401 Water Quality Certifications under the federal Clean Water Act. The Federal Energy Regulatory Commission (FERC) has been increasingly issuing orders finding that failure of the state to act on an application for certification within a one-year deadline means the state has waived its authority under the federal Clean Water Act regardless of the reason for the state's failure to act.
- **Stream Gage Plan Implementation (SB 19).** The budget appropriates \$67,000 General Fund and \$200,000 special fund for the Stream Gage Plan implementation.
- **Amendment to AB 658 (Arambula).** The budget includes trailer bill language to require SWRCB, in setting a specified fee schedule, to include an amount estimated by SWRCB, in consultation with the Department of Fish and Wildlife, necessary to recover costs incurred by the department.
- **Safe and Affordable Drinking Water.** The budget provides \$130 million in additional Safe and Affordable Drinking Water program funds. This funding is provided from a loan of available funds in the Underground Storage Tank Cleanup Fund.
- **Economic Stimulus Acceleration.** The budget includes \$2.3 million from various bonds to support stormwater projects, nonpoint source pollution control projects, integrated watershed management projects, coastal water quality projects.

- **Technical Adjustments.** The budget includes a technical bond adjustment of \$1.784 million.

### 3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

- **Cost Recovery Management System (CRMS) IT Project.** The budget appropriates \$2.71 million one-time, split between the Hazardous Waste Control Account, the Lead-Acid Battery Cleanup Fund, and the Toxic Substances Control Account, to mitigate, implement and support the project plan for the platform upgrade of CRMS.
- **Base Funding to Maintain Operations.** The May Revision decreased a total of \$27.3 million General Fund and increased a total of \$27.277 million, as follows: decreased \$19.5 million General Fund, added \$19.5 million Air Pollution Control Fund (APCF); decreased \$12 million General Fund, and added \$7.8 million APCF to shift the funding source for the backfill transfers from the Hazardous Waste Control Account (HWCA) and Toxic Substances Control Account (TSCA) from General Fund to APCF. The reduction in the backfill transfer from \$12 million to \$7.777 million was due to the decrease in the level of resources provided for State Orphan Sites. The May Revision also included provisional language to specify that these transfers were to be funded from APCF penalty revenues. The May Revision was rejected and instead the budget includes the following items with a loan from the Underground Storage Tank Fund:
  - Stringfellow Superfund Site Expenditure Shift — \$11.805 million
  - General Fund Expenditure Shift to APCF — \$9.5 million
  - General Fund Backfill for HWCA — \$19.5 million
  - General Fund Backfill for TSCA — \$7.8 million
  - Argonaut Dam Phase II Stormwater Construction — \$2.1 million
- **Base Funding to Maintain Operations Reduction.** The May Revision decreased General Fund by \$4.223 million in the base funding to maintain base funding operations associated with the decrease in resources provided for National Priorities List and State Orphan Sites. Approved as modified.
- **National Priorities List and State Orphan Sites.** The budget decreased the Site Remediation Account and TSCA by \$4.2 million to focus resources on operation and maintenance at National Priority List and State Orphan Sites and the state's 10 percent match obligation for new National Priority list sites.
- **Board of Environmental Safety Funding.** The Governor's January Budget proposed \$3 million General Fund for two years, 15 permanent positions, and statutory changes to establish the Board of Environmental Safety within DTSC. The Board was proposed to set and review fees, hear permit appeals, and provide strategic guidance to the department director. This proposal also included trailer bill language to: (1) revise the Environmental Fee rates and hazardous waste fee rates and structure; and (2) authorize the Board to set future fee rates under a capped fee-setting authority. The May Revision decreased by \$3 million General Fund and 15 positions and added \$3 million APCF and 15 positions to shift the funding source for the Board from the General Fund to APCF on a one-time basis. The May Revision also included provisional language specifying that these expenditures would be funded by APCF penalty revenues. Beginning in 2021-22, the funding source for the Board

would have shifted to DTSC's special funds. The Budget Committee deferred action and this proposal was heard through the legislative policy process as part of discussions of AB 995 (C. Garcia). AB 995 was approved by the Legislature and was vetoed by the Governor on September 29, 2020.

- **Exide: 2014 Enforcement Order Program Oversight.** The budget includes \$1 million annually for two years from the Lead-Acid Battery Cleanup Fund (LABCF) to support DTSC's activities to oversee and implement activities for the Exide 2014 Stipulation Order. This proposal also included trailer bill language to clarify use of LABCF for Exide.
- **Exide: Third-Party Quality Assurance Oversight Contract for Closure Implementation.** The budget includes \$600,000 annually for a two-year limited term from LABCF for a contractor to continue to conduct third-party quality assurance as mandated by the Exide Closure Plan and oversee closure activities. This proposal also includes trailer bill language to specify that costs recovered from Exide shall be deposited back into this fund.
- **Lease Revenue Debt Service Adjustment.** The budget includes a \$4.399 million loan from APCF for the lease revenue debt service adjustment.
- **Reversion of Legislative Investments.** The May Revision proposed to revert the unencumbered balance of a Legislative investment in the 2019 Budget Act. This proposal was rejected.
- **Illegal Drug Lab Cleanup Account Backfill Shift.** The budget includes a \$749,000 loan from APCF for the Illegal Drug Lab Cleanup Account backfill shift on a one-time basis.
- **Reimbursement Authority.** The budget includes \$3 million special fund to align reimbursement authority.
- **Technical Adjustments.** The budget includes various technical adjustments including a reimbursement authority alignment and a reappropriation.

### 3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

- **Pharmaceutical and Sharps Waste Stewardship Program Enforcement.** The budget includes three positions ongoing and \$454,000 Pharmaceutical and Sharps Stewardship Fund, and four positions ongoing and \$935,000 in 2021-22, and \$927,000 ongoing thereafter to implement the required oversight and enforcement responsibilities under the Pharmaceutical and Sharps Waste Stewardship Law.
- **Solid Waste Stewardship Program Enforcement.** The budget appropriates \$376,000 special fund for solid waste reporting, inspection, and enforcement.
- **Beverage Container Recycling Program Reporting Requirement.** The budget includes trailer bill language to change the reporting requirement for the Beverage Container Recycling Program from quarterly to biannually (every six months).



- **Technical Adjustment.** The budget includes a technical adjustment of \$200,000 for the Extended Producer Responsibility Program Expenditure Authority alignment.
- **Carpet Stewardship Program (AB 729).** The budget includes one position and \$119,000 Carpet Stewardship Account in 2020-21 and \$117,000 ongoing to implement specified responsibilities for the Carpet Stewardship Program.
- **Financing Mechanisms and Support for In-State Recycling Manufacturing Infrastructure (AB 1583).** The budget includes \$390,000 (\$294,000 Recycling Market Development Revolving Loan Subaccount and \$96,000 Integrated Waste Management Account) ongoing and 2.8 positions to implement the California Recycling Market Development Act of 2019 to assist in-state recycling manufacturing.
- **Used Mattress Recovery and Recycling Program (AB 187).** The budget includes \$103,000 Used Mattress Recycling Fund in 2020-21 and \$101,000 ongoing to facilitate additional legal workload and clear a backlog of enforcement cases.
- **Beverage Container Redemption Pilot Project Grant Program (AB 540).** The budget appropriates \$126,000 Beverage Container Recycling Fund in 2020-21 and \$124,000 annually for two years to develop, implement, and provide oversight of the pilot project grant program.
- **Mendocino Complex Fire Augmentation.** The budget appropriates \$2.213 million General Fund to fund completion of debris removal on properties in Lake County affected by the 2018 Mendocino Fire Complex.
- **Extension of the Loan Repayment Period for the 2014 Loan from the Integrated Waste Management Account to the Used Mattress Recycling Fund.** The budget extends the loan repayment period for a loan from the Integrated Waste Management Account to the Used Mattress Recycling Fund. Budget bill language extends repayment of \$1.6 million loan authorized in the 2014 Budget Act from June 30, 2020 to June 30, 2022.
- **Loan from the Solid Waste Disposal Site Cleanup Trust Fund to the General Fund.** The budget authorizes a loan of up to \$4 million from the Solid Waste Disposal Site Cleanup Trust Fund Account to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Loan from the Electronic Waste Recovery and Recycling Account to the General Fund.** The budget authorizes a loan of up to \$20 million from the Electronic Waste Recovery and Recycling Account to the General Fund and includes provisional language to authorize repayment of all or a portion of the loan under specified circumstances.
- **Reappropriation.** The budget reappropriates Greenhouse Gas Reduction Funds from a previous budget.

### 3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT (OEHHA)

- **Budget Bill Language for General Fund Cash Flow Loan.** The budget adds provisional language to allow a short-term General Fund cash flow loan, not to exceed 20 percent of OEHHA’s reimbursements, to meet cash needs resulting from the lag time between invoicing for services and receipt of reimbursements by state departments. The General Fund serves as OEHHA’s primary funding source and must cover costs until reimbursements are collected and received. At times, the lag between expenditures and reimbursements creates difficulties in meeting cash flow needs, particularly at the end of the fiscal year.

### CLIMATE CHANGE PROPOSALS

- **Climate Catalyst Fund.** The Governor’s January Budget proposed the establishment of the Climate Catalyst Fund with \$250 million General Fund. The May Revision withdrew this proposal. However, the budget includes trailer bill language to establish a Climate Catalyst Revolving Loan Fund at the Infrastructure and Economic Development Bank to receive funds from non-state governmental entities and private sources for the purpose of making loans for climate catalyst projects that further the state’s climate goals. These moneys are available for expenditure upon appropriation by the Legislature.
- **Climate Bond.** The Governor’s January Budget proposed a \$4.8 billion bond to address climate change. The May Revision withdrew this proposal. The withdrawal was approved.
- **Greenhouse Gas Reduction Fund (GGRF): Cap-and-Trade Spending Plan.** The GGRF Spending Plan for 2020-21 has been deferred without prejudice due to unexpected shortfalls in revenue from the Cap-and-Trade Auctions in May and August of 2020. However, GGRF funding was approved for various departments to “keep the lights on” by continuing to provide GGRF funding for payroll purposes.

The following GGRF appropriations proposed by the Governor in January were deferred without prejudice:

- **0540 Secretary of the Natural Resources Agency**
  - **Climate Resilience Research, Regional Collaboration, and Implementation:** \$6 million.
- **3540 Department of Forestry and Fire Protection (CalFire)**
  - **Modification of Wildfire Mitigation Financial Assistance Pilot Program and Defensible Space.** \$8.3 million.
- **3900 Air Resources Board**
  - **Local Air District Implementation of AB 617:** \$25 million.
  - **AB 617 Community Air Protection:** \$200 million.
  - **AB 617 Technical Assistance to Community Groups:** \$10 million.
  - **Clean Trucks, Buses & Off-Road Freight Equipment:** \$150 million.

- **Enhanced Fleet Modernization Program:** \$75 million.
- **Agricultural Diesel Engine Replacement Upgrades:** \$50 million.
- **Clean Vehicle Rebate Project:** \$75 million.
  
- **3970 CalRecycle**
  - **Waste Diversion:** \$15 million.
  
- **8570 California Department of Food and Agriculture**
  - **Methane Reduction:** \$20 million.
  
- **Various Cap-and-Trade Expenditure Plan Allocation Provisions and Control Section 15.14 Amendments.** The Governor’s January Budget proposed a \$965 million GGRF 2020-21 Cap-and-Trade Expenditure Plan and Control Section 15.14. The Administration proposed amendments to Control Section 15.14, which would have provided the methodology by which the Department of Finance can calculate allocations based on proceeds generated at each quarterly auction. Non-continuously appropriated auction proceeds would first be directed to meet the existing allocations for the Safe and Affordable Drinking Water Program, AB 617 Community Air Protection, Forest Health and Fire Prevention, AB 34 Safety and Defensible Space, and Agricultural Diesel programs; additional auction proceeds would have been allocated to the remaining budgeted programs proportionally. Furthermore, departments would have been required to prioritize funding for non-discretionary fixed costs. Control Section 15.14 was deferred without prejudice.

### **Environmental protection budget bill and trailer bills**

1. *Budget Act of 2020 – Senate Bill 74 (Mitchell), Chapter 6, Statutes of 2020.*
2. *Budget Act of 2020 – Assembly Bill 89 (Ting), Chapter 7, Statutes of 2020.*
3. *Budget Act of 2020 – Senate Bill 115 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2020.*
4. *Resources – Assembly Bill 92 (Committee on Budget), Chapter 18, Statutes of 2020.*
5. *General Government – Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*

## FOOD AND AGRICULTURE

### 8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

- **Farm to School Program.** The budget appropriates \$10 million General Fund in 2020-21, and \$1.5 million General Fund in 2021-22 ongoing, to establish six positions to provide baseline and expansion support to the Office of Farm to Fork's California Farm to School Network. This action includes \$8.496 million for grants to schools to establish programs that coordinate local and California-grown food procurement.
- **Weights and Measures Oversight and Services.** The budget includes \$799,000 Department of Food and Agriculture Fund annually for three years, then \$320,000 thereafter, and two permanent positions, to allow CDFA to continue instruction and oversight of county sealers who inspect commercial weighing and measuring devices and provide metrology laboratory certification services.
- **Milk Producer Security Trust Fund Program (AB 590).** The budget adds four positions to administer the Milk Producers Security Trust Fund (MPSTF) Program. Due to the adoption of the Federal Milk Marketing Order in 2018, AB 590 (Mathis and Eggman), Chapter 304, Statutes of 2019, sets the assessment rate to be collected by CDFA for MPTSTF and authorizes the Secretary to change the rate as needed to defray reasonable costs to administer the program.
- **Navel Orange Worm Pilot Program.** The budget appropriates \$2.715 million for three years to provide authority for CDFA to expand additional federal funds awarded in the 2020 Federal Budget. These resources are intended to help CDFA expand the Navel Orange Worm Pilot Program to increase the acreage used to validate the current sterile insect technique.
- **Continuation of Cannabis Cultivation Program.** The May Revision increases Item 8570-001-0001 by 13 positions, Item 8570-001-0111 by three positions, Item 8570-001-3288 by \$48.113 million and 149 positions, and reimbursements by \$15.967 million to continue implementation of the Cannabis Cultivation Program. According to the Department of Finance, the baseline in this proposal accidentally double-counts the existing baseline that was in the Governor's January Budget. To avoid double counting the baseline, this proposal needed to be reduced by \$5.714 million. Approved as proposed and reduce by \$5.714 million Cannabis Control Fund ongoing.
- **Farm Animal Confinement (Proposition 12).** The May Revision adds Item 8570-002-0111 for \$1.443 million and six positions in 2020-21, and \$2.8 million and 15 positions ongoing to continue implementation of Proposition 12. This proposal includes trailer bill language to establish a new fire authority to support the associated program costs. This proposal will be funded for two years by a short-term loan from the Food and Agriculture Fund until new fee revenue materializes to support all program cost. This proposal also includes budget bill language that holds the Food and Agriculture Fund harmless to the extent that fee revenue does not

materialize to repay short-term costs. There is some uncertainty about the amount of workload that will be driven by implementation of Proposition 12 because it is a new program. Therefore it is prudent to take a cautious approach to staffing up the program, especially given the state's current fiscal outlook. The budget includes \$1.443 million and six positions in 2020-21 and rejected \$2.8 million and fifteen ongoing positions. Trailer bill language was adopted to establish new fee authority to support associated program costs. Budget bill language was included to hold the Food and Agriculture Fund harmless to the extent fee revenue does not materialize to repay short-term costs.

- **Reduction of California Biodiversity Initiative.** The budget reduces by \$3.901 million General Fund to reflect reduced General Fund resources available for the California Biodiversity Initiative.
- **Reappropriation of Proposition 68.** The budget reappropriates existing Proposition 68 funding for one year related to the State Water Efficiency and Enhancement Program (also known as SWEEP).
- **Modification of Information Technology Workload Growth and Sustainability.** The Governor's January Budget proposed \$5.372 million from various funds (including \$2.462 million General Fund) in 2020-21 and \$3.818 million in 2021-22 ongoing to support its personnel services and end of life hardware and software needs for CDFA's Office of Information Technology Services. The May Revision decreased General Fund by \$2.462 million and increased by \$1.484 million Department of Agriculture Account, \$90,000 Fair and Exposition Fund, \$33,000 Cost Implementation Account, \$397,000 Cannabis Control Fund, \$99,000 Pierce's Disease Management Account as authorized by Food and Agriculture Code Section 60461(c)(1) to shift General Fund components of the department's request to special funds. Approved as modified.
- **Modification of Fresno-Merced Food Innovation Corridor.** The Governor's January Budget proposed \$33 million General Fund in 2020-21 with a three year encumbrance period to develop a Fresno-Merced Food Innovation Corridor Grant Program to stimulate research and development, commercialization, and innovation that will advance sustainable agricultural production and processing and support high quality jobs in the San Joaquin Valley. The May Revision decreased by \$31 million General Fund to reflect a reduced level of state resources available for this purpose, which resulted in a modified proposal of \$2 million for this program. Approved as modified.
- **Modification of Anaheim Facility Purchase.** The Governor's January Budget proposed \$1.872 million General Fund to exercise the purchase option on CDFA's existing Anaheim facility lease. The May Revision decreased by \$1.872 million General Fund and increased by \$1.872 million Analytical Laboratory Account. The shift in fund source is intended to allow the department to exercise the lease option of the Anaheim Facility without delay. Approved as modified.
- **AB 1499 (Gray) Chapter 798, Statutes of 2017: Cleanup.** The budget includes trailer bill language to address an issue in AB 1499, which directs retailers to segregate the amount of gross receipts from sales at fairs; requires the California Department of Tax and Fee Administration

(CDTFA) to calculate  $\frac{3}{4}$  to one percent of these gross receipts and report this amount to the Department of Finance; and requires the Governor's Budget to include these amounts in the budget for allocation to CDFA to fund state-designated fairs. This trailer bill language requires CDTFA to review total gross receipts for errors.

- **California Exposition and State Fair (Cal Expo).** The budget includes \$6 million General Fund (\$3 million appropriation and \$3 million short-term cash loan of up to \$3 million) to Cal Expo to support and maintain core operations for emergency services and operations; and provides that the Director of Finance may authorize an additional amount not to exceed \$3 million General Fund if deemed necessary to sustain Cal Expo's operations.

### **Food and Agriculture Budget Bill and Trailer Bill**

1. *Budget Act of 2020 – Senate Bill 74 (Mitchell), Chapter 6, Statutes of 2020.*
2. *Budget Act of 2020 – Assembly Bill 89 (Ting), Chapter 7, Statutes of 2020.*
3. *Budget Act of 2020 – Senate Bill 115 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2020.*
4. *Resources – Assembly Bill 92 (Committee on Budget), Chapter 18, Statutes of 2020.*

## ENERGY AND UTILITIES

### 3360 CALIFORNIA ENERGY COMMISSION (CEC)

The budget provides the CEC with \$450.8 million for 657 positions from a variety of special funds. This includes:

- **General Fund Loans.** The budget includes several loans to the General Fund from various special funds. These loans range in size from three million to \$25 million, and provide a total of \$52 million.
- **Electric Vehicle Charging Infrastructure.** The budget includes \$51 million in one-time funding from the Alternative and Renewable Fuel and Vehicle Technology Fund for EV charging infrastructure.
- **Public Interest Energy Research.** The budget includes one-time expenditure authority of \$8.1 million in unspent funds from the Public Interest Energy Research, Natural Gas Subaccount for research funding for energy efficiency, pipeline safety and methane emissions, small grants for natural gas technology entrepreneurs, and program administration.
- **MAEDbS.** The budget includes \$1.0 million in 2020-21 and \$500,000 in 2021-22 for a total request of \$1.5 million in one-time contract funding from the Appliance Efficiency Enforcement Subaccount to upgrade its Modernized Appliance Efficiency Database System (MAEDbS).
- **Flexible Demand Appliance Standards.** The budget includes \$750,000 in 2020-21 and 2021-22 for four permanent positions and one temporary position from the PUCURA to implement the flexible demand appliance standards required by SB 49 (Skinner), Chapter 697, Statutes of 2019. Beginning in 2022-23, and ongoing thereafter, the budget provides \$600,000 for four permanent positions.
- **ERPA Structural Deficit.** The budget reduces the Energy Resources Programs Account (ERPA) structural deficit by shifting \$1.65 million of eligible expenditures and 11 permanent positions from ERPA to other appropriate fund sources, including: ten permanent positions and \$1.5 million to the Energy Facility License and Compliance Fund and one permanent position and \$150,000 to the Alternative and Renewable Fuel and Vehicle Technology Fund.
- **BUILD Program.** The budget includes \$40 million in 2020-21, \$20 million in 2021-22, and \$20 million in 2022-23 from greenhouse gas emission allowances allocated directly to gas corporations and consigned to auction as part of the Cap and Trade program for the Commission to implement the Building Initiative for Low-Emissions Development (BUILD) Program as created by SB 1477 (Stern), Chapter 378, Statutes of 2018. As part of this program, the Commission will disburse incentives to building developers for near zero emission technologies in new, low-income residential housing.

- The budget provides a \$5 million increase in the Commission's reimbursement authority to provide sufficient authority to accept reimbursements from the Bay Area Air Quality Management District to fund construction of hydrogen refueling stations. The additional reimbursement authority will enable the Commission to award as many as five additional hydrogen refueling station projects within California.
- **Follow On Funding.** The budget includes budget bill language to provide short-term authority to the California Energy Commission to provide "follow-on" funding to research projects funded by the Electric Program Investment Charge program. This would allow CEC to non-competitively extend funding to projects that have already received a competitive allocation if doing so would allow the projects to keep operating until the next competitive round of funding becomes available.

## 8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (PUC)

The 2020-21 budget provides \$1.63 billion for the PUC from a variety of special funds. This includes funding for:

- **LifeLine Program Transfer.** The budget includes a loan of \$300 million from the LifeLine program to the General Fund. It also includes budget bill language to ensure that, if actual caseload exceeds the Administration's anticipated caseload for 2020-21, a portion of the loan will be repaid to fund the caseload growth.
- **General Fund Loans.** The budget includes a loan of \$60 million from the California High Cost Fund B to the General Fund. The budget also includes a loan of \$60 million from the California Advanced Services Fund to the General Fund.
- **Wildfire Funding.** The budget modifies the January and May Revision proposals for Utility Wildfire and Safety Process Reform to implement SB 901 (Dodd), Chapter 626, Statutes of 2018, AB 1054 (Holden), Chapter 79, Statutes of 2019, and AB 111 (Committee on Budget), Chapter 81, Statutes of 2019. The administration requested \$29.6 million special funds for 103 positions and contract funding. Rather than approving the entire request for positions on a permanent basis, the budget includes 63 permanent positions for wildfire safety, one position for Diablo Canyon related activities, and nine administrative positions. The budget also includes three years of funding for 16 positions for the fair allocation of wildfire damages, 15 positions for PUC streamlining and efficiency, and \$10 million per year for contracts.
- **LifeLine Program.** The budget includes LifeLine Program caseload and state operations costs of \$427.5 million for 2019-20 and \$398.6 million for 2020-21 and adopts budget bill language to ensure that any unanticipated caseload growth would be funded.
- **Communications Restoral.** The budget includes \$398,000 in 2020-21 and \$396,000 in 2021-22 and ongoing from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to support two permanent positions to report to the public, local governments, and the PUC regarding restoral of communications facilities after natural and other disasters, and annually in a public formal report.



- **Information Technology Staffing.** The budget includes \$2.3 million from various special funds and 14 positions to provide CPUC’s IT services.
- **AB 1362 Implementation.** The budget includes \$1 million (including \$500,000 in one-time contract funding) from various special funds to support three positions to implement AB 1362 (O’Donnell), Chapter 395, Statutes of 2019, which requires the CPUC to post, in a consolidated location on its website, residential electric rate tariffs and programs of Load Serving Entities to enable comparison of rates, services, and environmental attributes.
- **Supplier Diversity Program.** The budget includes \$396,000 from various special funds in 2020-21, \$394,000 for 2021-22, and \$161,000 for 2022-23 and ongoing to support one permanent analyst position and one limited-term attorney position to implement the requirements of SB 255 (Bradford), Chapter 407, Statutes of 2019. SB 255 extended requirements of the General Order 156 Utilities Supplier Diversity Program to community choice aggregators, electric service providers, certain wholesale generators selling electricity to retail sellers, distributed energy resource contractors, and energy storage system companies.
- **Provider of Last Resort.** The budget includes \$770,000 from various special funds to support four permanent positions required to implement new work resulting from SB 520 (Hertzberg), Chapter 408, Statutes of 2019, which requires CPUC to develop processes, market rules, and oversight frameworks to monitor new provider of last resort responsibilities in the state’s electricity market.
- **Aliso Canyon Study.** The budget includes \$1.4 million from the PUCURA in one-time contract authority to secure consultation services for developing scenarios that could expedite the closure of and/or replacement of the services provided by Aliso Canyon natural gas storage field.
- **Telecommunications Safety Audits.** The budget includes \$855,000 from the PUCURA for four permanent positions to conduct in-house safety-related audits of the telecommunications carriers and Public Purpose Programs.
- **CalSPEED.** The budget includes \$2.8 million from various special funds for three positions and contracting for three years instead of permanently. These resources will be used to identify which areas of the state lack sufficient access to broadband (CalSPEED). These resources were requested on a permanent basis as part of the May Revision.
- **Withdrawn Proposals.** The budget does not include funding from a variety of special funds for the following January budget proposals. These proposals were originally requested in the January budget but were withdrawn in the May Revision:
  - \$2.4 million special funds for Transportation Enforcement and Licensing
  - \$1.5 million special funds for CPUC’s IT Security program
  - \$405,000 special funds for Cyber and Physical Security
  - \$1.8 million for Energy Division and Management and Support

- \$1.1 million special funds for Administrative Law Judge Division Management and Support
- \$2.0 million special funds for Data Analytics
- \$191,000 special funds for one position to support CalOES and CalFire in the Wildfire Forecast and Threat Intelligence Integration Center created by SB 209.
- **Federal Funding for Rural Broadband.** The budget includes trailer bill language to better enable telecommunications providers to compete for federal funding with the intent of improving access to broadband Internet in California.
- **CPUC Commissioner Salary.** The budget does not include the Administration’s trailer bill proposal to exempt the CPUC Commissioners’ salaries from the statutory cap.
- **Golden State Energy Loan.** The budget includes budget bill language to give the Department of Finance the authority to loan \$50 million to Golden State Energy, created by SB 350 (Hill), Chapter 27, Statutes of 2020, for its formation, governance and ability to purchase the property, including any franchise rights and stock, of Pacific Gas & Electric Corporation. The language allows this loan to be made only if (1) the corporation fails to timely emerge from its current Voluntary Case filed by Pacific Gas & Electric Corporation Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, in regards to Pacific Gas & Electric Corporation and Pacific Gas & Electric Company, Case No. 19-30088; or (2) the corporation initiates a sale process for its assets or stock within that Chapter 11 proceeding. The language states that this loan shall be unavailable once Pacific Gas & Electric Company exits bankruptcy. Pacific Gas and Electric Company exited bankruptcy on July 1, 2020, rendering this budget bill language moot.

## **8660 CPUC PUBLIC ADVOCATE’S OFFICE (PAO)**

The 2020-21 budget provides \$50.4 million for the PAO. This includes funding for:

- **Wildfire Reform.** The budget includes \$2.6 million for the Public Advocate’s Office to permanently fund 14 positions authorized in 2019 for one year to address additional utility safety-related, financial-related, and legal workload arising from the adoption of SB 901.

### **Energy Budget Trailer Bills**

1. *State Government – Assembly Bill 82 (Committee on Budget), Chapter 14, Statutes of 2020.*
2. *State Government – Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*

# TRANSPORTATION

## 0521 CALIFORNIA STATE TRANSPORTATION AGENCY (CALSTA)

The budget provides roughly \$398 million for the California State Transportation agency, including \$225 million from the Greenhouse Gas Reduction Fund.

- **Agency Relocation.** The budget did not include \$837,000 from various special funds for the Transportation Agency's relocation costs because the move has been delayed. This funding was proposed in the January Budget but was withdrawn in the May Revision.
- **National Environmental Protection Act.** The budget includes trailer bill language to extend the California Transportation Agencies delegation of authority for the implementation of the federal National Environmental Protection Act through July 1, 2021.
- **North Coast Rail Authority.** The budget reappropriates \$4.0 million in funds from the Public Transportation Account provided in SB 2019 (McGuire), Chapter 934, Statutes of 2018, for transfer to Sonoma Marin Area Rail Transit (SMART) for the acquisition of certain assets of the North Coast Rail Authority, and gives the state until January 1, 2021 to meet the requirements of the bill and transfer the funds to SMART.

## 2600 CALIFORNIA TRANSPORTATION COMMISSION (CTC)

The budget provides \$11.7 million (mostly from the State Highway Account and Public Transportation Account) for 2020-21 to support 34 positions.

## TRANSIT ISSUES

**Statutory Relief.** The budget includes trailer bill language to do the following:

- Temporarily hold harmless transit operators that receive state funding and whose ridership levels have been negatively impacted by COVID-19.
- Temporarily eliminate financial penalties for non-compliance with transit funding efficiency measures in the Transportation Development Act and the State Transit Assistance Program.
- Allow for increased flexibility in the use of funds transit operators receive from the State Transit Assistance - State of Good Repair program and the Low Carbon Transit Operations program.

**2660 CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)**

The budget provides \$15.5 billion for Caltrans, including \$5.4 billion in federal funds, to support 20,743.4 positions.

- **Overall Transportation Funding.** The budget approved the May Revision funding estimate of a reduction in fuel tax revenues of \$1.8 billion through 2024-25 (with most of the reduction in 2019-20 and 2020-21).
- **Overall Transportation Staffing.** The budget maintained 2019-20 planning and engineering staffing levels to continue developing and designing previously programmed transportation projects.
- **State Highway Account Fund Transfer.** The budget rejects the May Revision proposal to transfer \$130.5 million in interest earnings from the State Highway Account (SHA) to the General Fund.
- **Local Airport Loan Account Transfers.** The budget includes a loan of \$21 million from the Local Airport Loan Account to the General Fund. The budget also includes an annual transfer of \$2.5 million from the Local Airport Loan Account to the Aeronautics Program Airport Improvement Program Matching Grant Program to increase the amount of funding available for this program. This transfer will continue for four years.
- **Traffic Congestion Relief Fund.** The budget includes a transfer of \$32 million from the Traffic Congestion Relief Fund to the General Fund.
- **Litter Abatement.** The budget provides an increase of \$31.8 million in 2020-21 increasing to a permanent increase of \$43.4 million in 2024-25 for the Litter Abatement Program to address increased litter. The state will continue to use state staff, community based programs and contracts with the California Department of Corrections and Rehabilitation and other local law enforcement agencies to provide litter abatement and cleanup.
- **Americans with Disabilities Act.** The budget includes a permanent increase of \$1 million from the State Highway Account for the American with Disabilities Act (ADA) Infrastructure program. The resources will be used for consultant contracts to continue implementing and administering ADA requirements of the “Californians for Disability Rights, Inc v. California Department of Transportation, Case No. C 06 5125 Settlement Agreement re Class Action Settlement.”
- **Technical Fund Shift.** The budget includes a technical fund shift that reflects a \$96.0 million fund conversion from federal resources to the SHA within the Maintenance Program.
- **Proposition 1B Staffing.** The budget includes \$5.0 million in 2020-21 for the continuation of 19.5 positions and \$4.9 million in 2021-22 for the continuation of 18.5 positions to continue the administration of the workload associated with Caltrans’ responsibilities under Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Total funding requested in each fiscal year includes \$2.3 million in operating expenses for a project and program audit contract administered by the Department of Finance. The funding reductions reflect workload declining over time.

- **Office Space.** The budget provides \$4.5 million from the SHA for increased office space related costs.
- **Department of General Services Surcharge.** The budget includes \$2.7 million from the SHA for increased surcharge costs from the Department of General Services.
- **Vehicle Insurance.** The budget includes \$4.9 million from the SHA for increased vehicle insurance premium costs.
- **Pedestrian and Bicycle Safety.** The budget does not include \$2.2 million for Pedestrian and Bicyclist Safety Investigations. The Department has indicated that it will implement this program within existing resources. This funding was requested as part of the January budget but was withdrawn as part of the May Revision.
- **Transportation Network System.** The budget does not include \$5.4 million for the Transportation Systems Network Information Technology Project. The Department has indicated that it will implement this program within existing resources. This funding was requested as part of the January budget but was withdrawn as part of the May Revision.
- **Wildfire Litigation.** The budget does not include \$1.7 million for increased Wildfire Litigation costs. The Department has indicated that it will implement this program within existing resources. This funding was requested as part of the January budget but was withdrawn as part of the May Revision.
- **Aviation Fuel Tax Data.** The budget included trailer bill language to allow the California Department of Tax and Fee Administration to collect sales tax data from airports as required by the Federal Aviation Administration.

## 2665 CALIFORNIA HIGH SPEED RAIL AUTHORITY (HSRA)

The budget includes \$2.89 billion for the High-Speed Rail Authority, including \$30 million for administration, \$423.3 million for blended system projects, and \$2.4 billion million in infrastructure funding.

- **Information Technology Staffing.** The budget includes \$2.6 million and 15 permanent positions to continue the transition of day-to-day information technology (IT) operational activities from contractor resources to state employees that will be offset by a consultant reduction of 15 full-time equivalent positions, resulting in a reduction of \$4.2 million in IT consulting resources and net ongoing IT savings of \$1.5 million per year.
- **Shift to State Staff.** The budget reduces 88 consultant positions and adds 70 permanent state positions in response to the California State Auditor's 2018 recommendations. This will result in annual savings of \$16.4 million and a net reduction of 18 full-time equivalent positions.

**2670 BOARD OF PILOT COMMISSIONERS**

The budget includes a total of \$2.9 million to support four positions.

**2720 CALIFORNIA HIGHWAY PATROL (CHP)**

The budget includes \$2.7 billion (including \$2.4 billion from the Motor Vehicle Account) to support 10,760.5 positions at CHP.

- **Delayed Capital Outlay Projects.** The budget does not include the following capital outlay projects. These funds were included in the January budget but withdrawn as part of the May Revision, reducing special fund expenditures by a total of \$139.7 million:
  - Santa Fe Springs: Area Office Replacement (\$44.3 million)
  - Baldwin Park: Area Office Replacement (\$43.1 million)
  - Quincy: Replacement Facility (\$38.1 million)
  - California Highway Patrol Enhanced Radio System (CHPERS): Replace Towers and Vaults (\$10.2 million Motor Vehicle Account)
  - Humboldt: Area Office Replacement (\$2.1 million)
  - Gold Run: Area Office Replacement (\$1.4 million)
  - Statewide Planning and Site Identification (\$500,000 Motor Vehicle Account)
- **Department of Industrial Relations Support.** The budget includes a \$4 million increase in reimbursement authority to provide protective services to the Department of Industrial Relations Division of Workers' Compensation district offices statewide.
- **Capitol Swing Space.** The budget includes one-time funding of \$1.1 million from the Motor Vehicle Account for the costs associated with the mandatory relocation of CHP's Capitol operations to the Capitol Swing Space building.
- **Keller Peak Area Office Replacement.** The budget includes \$1.8 million from the Motor Vehicle Account for the Keller Peak area office replacement project.
- **California Cybersecurity Integration Center.** The budget provides three-year limited term resources of \$11.1 million and 24 positions at the Office of Emergency Services, the California Military Department, the California Highway Patrol, and the California Department of Technology in 2020-21, and \$11.5 million and 24 positions in 2021-22 and 2022-23. Also includes reporting language that requires annual updates during the budget subcommittee, and a summary of this information no later than February 1, 2024.

- **Vehicle Insurance Premiums.** The budget includes \$2.9 million from the Motor Vehicle Account for increased vehicle insurance premium assessments.

## 2740 DEPARTMENT OF MOTOR VEHICLES (DMV)

The budget includes \$1.37 billion (\$1.3 billion in Motor Vehicle Account) to support 8,563.2 positions at the DMV in 2020-21.

- **Motor Voter Program.** The budget includes \$6.4 million from the General Fund and 38 positions for continued administration of the Motor Voter Program. This includes \$900,000 for continued IT vendor support and knowledge transfer.
- **Eureka Field Office Replacement.** The budget includes \$3 million from the Motor Vehicle Account in 2020-21, dropping to \$685,000 in 2021-22 and roughly the same amount ongoing, for a new leased Eureka Field Office due to the loss of the lease at the current office.
- **Delayed Capital Outlay Projects.** The budget does not include funding for the following capital outlay projects. These projects were included in the January budget but were withdrawn in the May Revision, reducing special fund expenditures by a total of \$56.7 million:
  - Santa Maria: Field Office Replacement (\$17.4 million)
  - Reedley: Field Office Replacement (17.4 million)
  - Delano: Field Office Replacement (\$15.3 million)
  - San Francisco: Field Office Replacement (\$2.9 million)
  - Inglewood Swing Space (\$2.0 million)
  - Oxnard: Field Office Reconfiguration (\$1.2 million)
  - Statewide Planning and Site Identification (\$500,000)
  - Oxnard Field Office Swing Space (\$60,000)
- **SB 210 Implementation.** The budget includes \$1.7 million in one-time resources from the Air Pollution Control Fund for planning activities for an IT project associated with the implementation of SB 210 (Leyva), Chapter 298, Statutes of 2019.
- **Front End Sustainability Project.** The budget provides \$12.1 million from the Motor Vehicle Account for the Front End Sustainability IT project and reflects a shift in DMV's approach to replacing its legacy IT systems.
- **DMV Data Sharing.** The budget includes trailer bill language that allows DMV to disclose to the Employment Development Department certain information for purposes relating to tax

administration and to ensure compliance with specified requirements including unemployment compensation benefit requirements.

**Transportation Budget Trailer Bills**

1. *Transportation – Assembly Bill 90 (Committee on Budget), Chapter 17, Statutes of 2020.*
2. *State Government – Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*



SUBCOMMITTEE 3  
ON  
HEALTH  
AND  
HUMAN SERVICES

Senate Committee on Budget and Fiscal Review

*Members*

Richard Pan, Chair  
Melissa Hurtado  
Melissa A. Melendez

*Consultants*

Scott Ogus  
Renita Polk

# SUBCOMMITTEE No. 3

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# HEALTH

## 0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

- **Juvenile Justice Realignment.** The Legislature approved trailer bill language that includes multiple provisions to realign the responsibility for state held youth to the counties. Among other reforms, the trailer bill language establishes the Office of Youth and Community Restoration (OYCR) within the California Health and Human Services Agency (CHHSA), effective July 1, 2021, to fulfill the rehabilitative purpose of the state’s juvenile justice system through trauma-informed and developmentally appropriate services and programs. No later than January 1, 2025, OYCR will assume all juvenile justice grant administration functions currently conducted by the Board of State and Community Corrections. No later than July 1, 2025, OYCR will also evaluate the efficacy of local programs being utilized for realigned youth, and report findings to the Governor and Legislature. The language also establishes a state-level ombudsman for youth in the juvenile justice system. For more information on these reforms, see also “*Juvenile Justice Realignment*” under the Department of Corrections and Rehabilitation in the “Corrections and Rehabilitation” section of this report.
- **Electronic Visit Verification for In-Home Supportive Services (Phase I).** The budget includes expenditure authority from the California Health and Human Services Automation Fund of \$20.7 million in 2020-21 and \$19.4 million annually thereafter for local assistance, outreach, help desk, training, and system refinements for implementation of an Electronic Visit Verification system for In-Home Supportive Services.
- **Electronic Visit Verification Phase II Planning.** The budget includes expenditure authority of \$2.9 million (\$290,000 General Fund and \$2.6 million federal funds) in 2020-21 to continue the multi-departmental planning effort for the second phase (Phase II) of implementation of Electronic Visit Verification (EVV) for personal care services and home health care services. The federal 21st Century CURES Act requires states to implement an electronic visit verification system for all Medicaid-funded Personal Care Services (PCS) by January 1, 2020, and Home Health Care Services (HHCS) by January 1, 2023. The staffing and other resources included in the budget will support completion of activities required by the Department of Technology’s Project Approval Lifecycle (PAL) Stage Gate requirements and federal Advanced Planning Document (APD) requirements for implementation of EVV for Phase II providers.
- **Electronic Visit Verification Phase II Early Implementation.** The budget includes expenditure authority of \$3.8 million (\$705,000 General Fund and \$3 million federal funds) to support 12 limited-term positions for EVV Phase II planning and early implementation efforts. These resources are in addition to the planning resources for this project and reflect early implementation activities based on recent project developments.
- **Medi-Cal Eligibility Data System Modernization Redirection.** The budget includes a reduction of 19 positions and expenditure authority from the California Health and Human Services Automation Fund of \$3.4 million to reflect the transition of project resources from the California Health and Human Services Agency’s Office of System Integration (OSI) to the

Department of Health Care Services (DHCS) for the Medi-Cal Eligibility Data System (MEDS) Modernization project. A concomitant increase in resources is reflected in the DHCS budget for the MEDS Modernization project.

- **Preschool Development Grant.** The budget includes federal fund expenditure authority of \$13.4 million to strengthen the state’s early learning and child care system pursuant to a federal Preschool Development Grant.
- **State Verification Hub Position Change.** The budget includes a reduction of one position and expenditure authority from the California Health and Human Services Automation Fund of \$926,000 to reflect the transition of resources for implementation of the Statewide Verification Hub from OSI to the Department of Social Services (DSS). A similar increase in resources is reflected in the DSS budget for this project.

#### **4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)**

- **Emergency Medical Dispatch (SB 438).** The budget includes one position and General Fund expenditure authority of \$356,000 in 2020-21, \$342,000 in 2021-22, and \$171,000 annually thereafter to implement provisions of SB 438 (Hertzberg), Chapter 389, Statutes of 2019, which prohibits a public agency from delegating, assigning, or entering into a contract for “911” call processing services regarding the dispatch of emergency response resources with a non-public agency.
- **Regional Disaster Medical Health Response (RDMHS) Local Assistance.** The budget includes General Fund expenditure authority of \$365,000 annually to improve regional medical and health mitigation, preparedness, response and recovery by funding three additional Regional Disaster Medical Health Specialists (RDMHS). The budget also includes provisional language to allow the Administration to augment these General Fund resources by up to an additional \$365,000 to fund additional RDMHS positions.

#### **4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHPD)**

- **Health Care Payments Data Program.** The Legislature adopted trailer bill language to establish the Health Care Payments Data Program, which will collect data on health care expenditures for inclusion in a Health Care Payments Data System. The data system will collect information regarding health care costs, utilization, quality, and equity to provide greater transparency to inform public policy decisions and control the growth of health care costs.
- **County Medical Services Program (CMSP) Loan Repayment Administration.** The budget includes reimbursement authority of \$2.2 million in 2020-21, \$180,000 in 2021-22, and \$60,000 in 2022-23 to continue to administer the CMSP Loan Repayment Program. The program provides loan repayment awards up to \$50,000 to physicians, psychiatrists, physician assistants, nurse practitioners, and dentists in exchange for a two-year service obligation providing direct patient care at a contracted provider site in one of the 35 CMSP counties.

- **Healthcare Data Disclosure (SB 343).** The budget includes one position and expenditure authority from the California Health Data and Planning Fund of \$119,000 in 2020-21 and \$107,000 annually thereafter to implement new data reporting requirements for certain health facilities pursuant to the requirements of SB 343 (Pan), Chapter 247, Statutes of 2019.
- **Hospital Community Benefits Plan Reporting (AB 204).** The budget includes two positions and expenditure authority from the California Health Data and Planning Fund of \$519,000 in 2020-21, and \$245,000 annually thereafter to implement hospital community benefits plan data reporting requirements pursuant to AB 204 (Wood), Chapter 535, Statutes of 2019. AB 204 requires a private, non-profit acute care hospital to report on the economic value of the benefits it provides to the community utilizing a standardized methodology developed by OSHPD.
- **Hospital Procurement Contracts Reporting (AB 962).** The budget includes two positions and expenditure authority from the California Health Data and Planning Fund of \$790,000 in 2020-21 and \$290,000 annually thereafter to implement hospital procurement contract reporting requirements pursuant to AB 962 (Burke), Chapter 815, Statutes of 2019. AB 962 requires certain hospitals to report to OSHPD on minority, women, LGBT, and disabled veteran-owned business enterprise procurement efforts.
- **General Fund Loan – Hospital Building Fund.** The budget includes provisional language to provide for a loan of up to \$40 million from the Hospital Building Fund to the General Fund. This fund supports review of working drawings and specifications, and observation of construction of hospital projects to assure that hospitals are constructed to standards adequate to withstand severe damage during earthquakes. The provisional language requires the repayment of all or a portion of the loan if the Director of Finance determines that either of the following circumstances exist: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.
- **Various Expenditure Adjustments and Funding Shifts.** The budget includes the following technical expenditure adjustments and funding shifts: 1) reversion of \$20 million General Fund expenditure authority for the Workforce Education and Training (WET) Program authorized in the 2019 Budget Act, replaced by increased expenditure authority from the Mental Health Services Fund of \$20 million; 2) reversion of \$718,000 unspent General Fund resources for administration of the Song-Brown program authorized in the 2017 Budget Act; 3) extension of General Fund expenditure authority of \$760,000 authorized in the 2019 Budget Act for mental health workforce development until June 30, 2025; 4) extension of unspent expenditure authority from the Mental Health Services Fund authorized in the 2017 Budget Act until June 30, 2021; and 5) reappropriation of expenditure authority of \$7.3 million from the Mental Health Services Fund authorized in the 2018 Budget Act for the WET Program.

**4150 DEPARTMENT OF MANAGED HEALTH CARE (DMHC)**

- **Health Care Coverage – Telehealth (AB 744).** The budget includes 1.5 positions and expenditure authority from the Managed Care Fund of \$331,000 in 2020-21, and \$379,000 annually thereafter to review health care service plan contracts, documents, and claims coverage of telehealth services, pursuant to AB 744 (Aguiar-Curry), Chapter 867, Statutes of 2019. AB 744 requires health care service plans to reimburse providers for services provided through telehealth at the same rate as those provided in person.
- **Health Plans and Health Insurance – Third-Party Payments (AB 290).** The budget includes expenditure authority from the Managed Care Fund of \$1.2 million in 2020-21, and \$775,000 in 2021-22 to establish an Independent Dispute Resolution Process, promulgate regulations, receive health plan data regarding cost savings, and review Evidence of Coverage documents to verify health plan compliance with AB 290 (Wood), Chapter 862, Statutes of 2019. AB 290 imposes certain reporting and other requirements for financially interested parties that provide full or partial payment of health care premiums.
- **Information Security Resources.** The budget includes two positions and expenditure authority from the Managed Care Fund of \$384,000 in 2020-21, \$368,000 in 2021-22 and 2022-23, and \$328,000 annually thereafter to address information security and cybersecurity vulnerabilities. These vulnerabilities were identified by state and federal security reviews.
- **Large Group Rate Review (AB 731).** The budget includes five positions and expenditure authority from the Managed Care Fund of \$1.7 million in 2020-21, and \$2.6 million annually thereafter to create a new process for review of rates in the large group market and modify existing reporting requirements in the individual and small group markets, pursuant to AB 731 (Kalra), Chapter 807, Statutes of 2019.
- **Behavioral Health Focused Investigations.** The budget includes 14.5 positions and expenditure authority from the Managed Care Fund of \$2.8 million in 2020-21, 18.5 positions and \$4.7 million in 2021-22, and 18.5 positions and \$4.7 million annually thereafter to conduct focused investigations and enforcement of health plan compliance with behavioral health parity requirements. DMHC is responsible for enforcing state and federal behavioral health parity laws, which require a health plan to provide behavioral health services under the same terms and conditions under which it provides medical and surgical benefits.
- **General Fund Loan – Managed Care Fund.** The budget includes provisional language to provide for a loan of up to \$2 million from the Managed Care Fund to the General Fund. This fund supports administration and oversight of managed care plan compliance with state and federal laws and regulations by DMHC. The provisional language requires the repayment of all or a portion of the loan if the Director of Finance determines that either of the following circumstances exist: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.
- **Technical Adjustment for AB 2674.** The budget includes a technical adjustment to reflect funding not approved in the Project Approval Lifecycle process for information technology costs related to implementation of AB 2674 (Aguiar-Curry), Chapter 303, Statutes of 2018. The adjustment results in a reduction of \$472,000 Managed Care Fund.

**4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)**

- **Medi-Cal Local Assistance Funding.** The budget includes \$99.5 billion (\$22.7 billion General Fund, \$65.1 billion federal funds, and \$11.7 billion special funds and reimbursements) in 2019-20 and \$112.1 billion (\$23.2 billion General Fund, \$72.9 billion federal funds, and \$16.1 billion special funds and reimbursements) in 2020-21 for the delivery of health care services to low-income individuals and families in the Medi-Cal program. These funds are distributed as follows:
  - Medi-Cal Benefits: \$94.7 billion (\$21.6 billion General Fund, \$61.4 billion federal funds, and \$11.7 billion special funds and reimbursements) in 2019-20 and \$107.1 billion (\$22.1 billion General Fund, \$68.9 billion federal funds, and \$16.1 billion special funds and reimbursements) in 2020-21 for the provision of health care benefits to Medi-Cal beneficiaries.
  - County Administration and Eligibility: \$4.5 billion (\$985.7 million General Fund, \$3.5 billion federal funds, and \$4.7 million special funds and reimbursements) in 2019-20 and \$4.7 billion (\$905 million General Fund, \$3.8 billion federal funds, and \$6.3 million special funds and reimbursements) in 2020-21 for eligibility determinations and other administrative activities performed by counties.
  - Fiscal Intermediary: \$380.6 million (\$124.9 million General Fund and \$255.7 million federal funds) in 2019-20 and \$352.5 million (\$122.1 million General Fund and \$230.4 million federal funds) in 2020-21 for claims processing and related activities performed by the Medi-Cal fiscal intermediary.
- **Family Health Programs Local Assistance Funding.** The budget includes \$199.9 million (\$148.1 million General Fund, a reduction of \$38.5 million federal funds, and \$90.3 million special funds and reimbursements) in 2019-20 and \$267.7 million (\$226.8 million General Fund, \$5.1 million federal funds, and \$35.7 million special funds and reimbursements) in 2020-21 for state-only health care programs, as follows:
  - California Children's Services (CCS) Program: \$20.3 million (\$58.4 million General Fund, a reduction of \$43.6 million federal funds and \$5.5 million reimbursements) in 2019-20 and \$85 million (\$79.6 million General Fund and \$5.5 million reimbursements) in 2020-21. Counties will contribute an additional \$62.9 million in 2019-20 and \$84 million in 2020-21 for state-only services in the CCS Program. The net reduction in federal funds in 2019-20 is primarily due to a one-time retroactive collection of non-blood factor pharmacy rebates for the period July 2006 to December 2014.
  - Genetically Handicapped Persons Program: \$137.2 million (\$74.9 million General Fund and \$62.3 million special funds and reimbursements) in 2019-20 and \$137.2 million (\$129.4 million General Fund and \$7.8 million special funds and reimbursements) in 2020-21.
  - Every Woman Counts Program: \$42.2 million (\$14.8 million General Fund, \$5.1 million federal funds, \$22.5 million special funds) in 2019-20 and \$45.5 million (\$17.8 million General Fund, \$5.1 million federal funds and \$22.5 million special funds) in 2020-21.

- **Novel Coronavirus (COVID-19) Medi-Cal Estimate Impacts.** The budget includes net expenditure authority of \$8.1 billion (a reduction of \$155.1 million General Fund and an increase of \$8.3 billion federal funds) to reflect several impacts on the Medi-Cal program related to the COVID-19 pandemic.
  - *Higher Medi-Cal Caseload.* The budget assumes Medi-Cal caseload will increase by nearly 1.5 million individuals in 2020-21 due to increased unemployment during the pandemic-induced recession. The budget also assumes an additional 194,700 individuals will remain enrolled in Medi-Cal in 2020-21 due to suspension of Medi-Cal disenrollment pursuant to the federal Families First Coronavirus Response Act (FFCRA). These caseload changes result in an increase of expenditure authority of \$6.8 billion (\$2.4 billion General Fund and \$4.4 billion federal funds) in 2020-21.
  - *Savings from Enhanced Federal Matching.* The federal FFCRA included a 6.2 percent increase in the federal match provided to states for eligible Medicaid expenditures. The budget assumes a total of \$3.9 billion of additional federal matching funds will be received in 2020-21, which offsets \$2.6 billion of General Fund resources that otherwise would have been required in the Medi-Cal budget. These federal funds also offset General Fund expenditures (not reflected here) for Medi-Cal related programs at the Department of Social Services, the Department of Developmental Services, and the California Department of Aging. The departmental allocations of the enhanced federal matching funds are as follows:
    - Department of Health Care Services - \$2.6 billion
    - Department of Social Services - \$836.9 million
    - Department of Developmental Services - \$458 million
    - California Department of Aging - \$1.1 million
  - *Reduced Medi-Cal Utilization of Health Care Services.* Emergency measures implemented due to the COVID-19 pandemic resulted in reduced utilization of health care services by Medi-Cal beneficiaries. The budget assumes a reduction in Medi-Cal expenditures of \$395.7 million (\$146.8 million General Fund and \$248.9 million federal funds) related to this decrease in utilization.
  - *Reimbursement Changes for Medi-Cal Behavioral Health.* Medi-Cal beneficiary utilization of behavioral health services has decreased along with other health care services, though costs per unit have increased. As a result, DHCS implemented changes to its interim reimbursement methodology to account for these changes and maintain access to necessary behavioral health services. The budget assumes these changes will result in additional state expenditures of \$77.7 million (\$7.7 million General Fund and \$70.1 million federal funds).
  - *Federal Medicaid Flexibilities and Other Impacts.* During the pandemic, the Medi-Cal program requested and received federal approval for various emergency flexibilities under Section 1135 of the Social Security Act, the FFCRA, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The approved flexibilities include: 1) emergency paid sick leave for Waiver Personal Care Services and In-Home Supportive Services providers, 2) increased reimbursement for clinical laboratory providers, 3) a ten percent increase in the per diem rate paid to long-term care facilities to account for COVID-19 response, 4) expansion of



the Hospital Presumptive Eligibility program to allow uninsured aged and disabled individuals presenting in hospitals to be determined eligible for Medi-Cal, and 5) coverage for acetaminophen-containing products. The budget also assumes implementation of the following flexibilities pending federal approval: 1) waiver of share of cost for COVID-19 testing and treatment in the Medically Needy eligibility category, 2) waivers of bed limitations and coverage of expenditures in Institutions for Mental Diseases, and 3) coverage of COVID-19 or other State Plan covered services for Medi-Cal eligible inmates. The budget assumes these flexibilities will result in increased expenditures of \$286.6 million (\$126.6 million General Fund and \$160 million federal funds).

- **Proposition 56 Supplemental Provider Payments.** The budget includes expenditure authority from Proposition 56 (Prop. 56) tobacco tax revenue of \$863.2 million for supplemental provider payments in the Medi-Cal program. The total funding, including federal matching funds, for supplemental payments is \$2.7 billion in 2020-21. The allocation of funding is as follows:
  - *Physician Services* - \$426.1 million Prop. 56, \$765.3 million federal funds
  - *Dental Services* - \$207.3 million Prop. 56, \$315.5 million federal funds
  - *Home Health Services* - \$45 million Prop. 56, \$47.8 million federal funds
  - *Medi-Cal Family Planning Services* - \$39.4 million Prop. 56, \$355 million federal funds
  - *Women’s Health Services* - \$26.8 million Prop. 56, \$184.5 million federal funds
  - *Community-Based Adult Services* - \$15.5 million Prop. 56, \$15.5 million federal funds
  - *Intermediate Care Facilities-Developmental Disabilities* - \$15 million Prop. 56, \$15 million federal funds
  - *Pediatric Day Health Centers* - \$7 million Prop. 56, \$7.3 million federal funds
  - *Freestanding Pediatric Subacute Facilities* - \$4.1 million Prop. 56, \$4.9 million federal funds
  - *HIV/AIDS Waiver Services* - \$3.4 million Prop. 56, \$3.4 million federal funds
  - *Non-Emergency Medical Transportation* - \$3.3 million Prop. 56, \$4.7 million federal funds
  - *Hospital-Based Pediatric Physicians* - \$2 million Prop. 56
  - *Developmental Screening* - \$22.3 million Prop. 56, \$26.9 million federal funds
  - *Trauma Screening* - \$15.3 million Prop. 56, \$22.7 million federal funds
  - *Provider Trauma Screening Training* - \$31 million Prop. 56, \$31 million federal funds

The budget also includes language suspending all of these supplemental payments, except Medi-Cal Family Planning Services and Women’s Health Services, on July 1, 2021, unless sufficient General Fund resources exist to fund these and other suspended programs. See also “*Health and Human Services Program Suspensions*” under “*Various Departments*”.

- **Proposition 56 Value-Based Payments.** The budget includes expenditure authority from Prop. 56 tobacco tax revenue of \$178.3 million for the Value-Based Payments program, which provides enhanced payments to Medi-Cal providers based on performance on 17 core measures related to: 1) prenatal and postpartum care, 2) early childhood preventive care, 3) chronic disease management, and 4) behavioral health care. The budget also includes language suspending this program on July 1, 2021, unless sufficient General Fund resources exist to fund these and other suspended programs. See also “*Health and Human Services Program Suspensions*” under “*Various Departments*”.

- **Proposition 56 Loan Repayment Program.** The budget maintains multi-year funding for the Proposition 56 Medi-Cal Physician and Dentists Loan Repayment Program, which provides loan repayment awards up to \$300,000 to physicians and dentists in exchange for a five-year service obligation and providing at least 30 percent of services to Medi-Cal beneficiaries. \$177.8 million is available from funding authorized in the 2018 Budget Act and \$120 million is available from funding authorized in the 2019 Budget Act. The budget includes expenditure authority from Prop. 56 tobacco tax revenue of \$15.2 million in 2020-21 for the first cohort of loan repayment awards.
- **Medi-Cal Rx (Pharmacy Carve-Out) – State Operations and Local Assistance.** The budget includes expenditure authority of \$1.9 million (\$765,000 General Fund and \$1.1 million federal funds) in 2020-21 to support Medi-Cal Rx, the carve-out and ongoing management of the Medi-Cal pharmacy benefit in the fee-for-service delivery system. The budget assumes General Fund savings of \$68.1 million for the Medi-Cal Rx transition. This transition results in significant impacts to health care providers that participate in the federal 340B drug rebate program.
- **340B Supplemental Payment Pool.** The budget includes expenditure authority of \$52.5 million (\$26.3 million General Fund and \$26.3 million federal funds) to provide supplemental payments to non-hospital providers participating in the federal 340B program. These payments are intended to replace lost revenue from implementation of Medi-Cal Rx, which will transition Medi-Cal pharmacy services from managed care to the fee-for-service delivery system.
- **Elimination of Non-Medical Transportation Broker Funding.** The budget includes a reduction of expenditure authority of \$17.5 million (\$8.8 million General Fund and \$8.8 million federal funds) to eliminate funding for a broker to coordinate the delivery of the Medi-Cal non-medical transportation benefit.
- **Alignment of Rate Review with Access Monitoring Plan.** The Legislature approved trailer bill language to eliminate obsolete requirements for reimbursement rate reviews for Medi-Cal physician and dentist services to align with federal access-to-care requirements. The approved language would allow review every three years, clarify the review refers to fee-for-service reimbursement rates, specify consistency in rate review with the department’s federally-approved access monitoring plan, and remove references to obsolete data sources for the review.
- **Free-Standing Skilled Nursing Facility Quality Assurance Fee and Reimbursement.** The budget includes expenditure authority of \$185.6 million (\$92.8 million General Fund and \$92.8 million federal funds) in 2020-21 to extend the existing Medi-Cal financing structure for free-standing skilled nursing facilities until December 1, 2022. The Legislature also approved trailer bill language to implement the extension of the financing structure, including the assessment of a quality assurance fee on facilities, originally established pursuant to AB 1629 (Frommer), Chapter 875, Statutes of 2004. This extension also includes a ten percent reimbursement rate increase for facilities for four months during the COVID-19 pandemic.
- **Elimination of “Senior Penalty” in Medi-Cal Aged and Disabled Program.** The budget includes expenditure authority of \$135.5 million (\$67.7 million General Fund and \$67.7 million federal funds) for elimination of the “senior penalty”, which extends eligibility for the Medi-Cal Aged and Disabled Program up to 138 percent of the federal poverty level. This expansion of Medi-Cal eligibility was approved by the Legislature in the 2019 Budget Act, but was delayed due

to eligibility system readiness challenges. While the funding included in the budget assumes implementation for the entire 2020-21 fiscal year, DHCS reports this expansion will occur beginning with the December 2020 month of enrollment.

- **Medicare Part B Disregard for Medi-Cal Aged and Disabled Program (AB 1088).** The budget includes General Fund expenditure authority of \$478,000 to disregard payments made by the state for Medicare Part B premiums as income for the purposes of calculating whether a beneficiary in the Medi-Cal Aged and Disabled program is subject to payment of a share of cost. These changes were authorized by AB 1088 (Wood), Chapter 450, Statutes of 2019. Implementation was delayed due to eligibility system readiness challenges. While the funding included in the budget assumes implementation for the entire 2020-21 fiscal year, DHCS reports this expansion will occur beginning with the December 2020 month of enrollment. The budget also includes expenditure authority of \$418,000 (\$209,000 General Fund and \$209,000 federal funds) for staffing resources to implement this eligibility expansion.
- **Aged Blind and Disabled Federal Poverty Level Program (AB 1088).** The budget includes expenditure authority of \$418,000 (\$209,000 General Fund and \$209,000 federal funds) to direct, plan, implement and monitor the implementation of AB 1088 (Wood), Chapter 450, Statutes of 2019. AB 1088 allows individuals in the Aged and Disabled program to maintain eligibility for the program regardless of the state's payment of Medicare Part B premiums, which would otherwise be counted as income.
- **Extended Medi-Cal Eligibility for Post-Partum Mental Health Conditions.** The budget includes General Fund expenditure authority of \$34.3 million to extend postpartum coverage in pregnancy-only Medi-Cal from 60 days to 12 months if a beneficiary is diagnosed with a maternal mental health condition. This expansion of eligibility was approved by the Legislature in the 2019 Budget Act, but was delayed due to eligibility system readiness challenges. According to DHCS, this expansion was implemented effective August 1, 2020.
- **Undocumented Seniors Medi-Cal Eligibility Expansion Prioritization Trailer Bill Language.** The Legislature approved trailer bill language to prioritize full-scope Medi-Cal expansion to undocumented seniors in the upcoming budget if the Department of Finance determines there are sufficient General Fund revenues for that fiscal year and the ensuing three fiscal years to support the expansion.
- **County Eligibility Oversight and Monitoring.** The budget includes expenditure authority of \$279,000 (\$140,000 General Fund and \$139,000 federal funds) in 2020-21 to continue oversight, monitoring, and analysis of county eligibility funding pursuant to SB 28 (Hernandez), Chapter 442, Statutes of 2013. SB 28 requires DHCS to establish a budgeting methodology for support of county administration of Medi-Cal eligibility determinations.
- **Inmate Eligibility for Medi-Cal – Conformity with Federal Law.** The budget includes expenditure authority of \$3.7 million (\$1.2 million General Fund and \$2.5 million federal funds) in 2020-21, and \$139,000 (\$70,000 General Fund and \$69,000 federal funds) annually thereafter to implement the provisions of the federal SUPPORT for Patients and Communities Act, which prohibits states from terminating Medi-Cal eligibility for a juvenile under age 21, or foster care

youth under age 26, while incarcerated. The Legislature also approved trailer bill language to align state law with the SUPPORT for Patients and Communities Act.

- **Managed Care Capitation Payments Adjustment.** The budget includes a reduction of \$586 million (\$182 million General Fund and \$404 million federal funds) to adjust Medi-Cal managed care capitation payments for the period of July 2019 to December 2020. The adjustment lowers the gross medical expense portion of the capitation payments for this period due to anticipated lower costs and utilization related to the pandemic. The Legislature also approved trailer bill language to authorize DHCS to implement a risk corridor program to protect the state and managed care plans from greater than expected gains or losses due to the uncertainty of healthcare utilization forecasting during the pandemic period.
- **Managed Care Efficiencies.** The budget includes a reduction of \$182.1 million (\$59.3 million General Fund and \$122.8 million federal funds) for efficiency and other adjustments made to Medi-Cal managed care capitation rates. These adjustments include: 1) reduction of the underwriting gain component of rates from two percent to 1.5 percent, 2) a rate adjustment to create incentives to reduce low-acuity utilization of emergency departments, and 3) a rate adjustment related to procedure coding for clinician-administered drugs.
- **Managed Care Organization Provider Tax (AB 115).** The budget includes expenditure authority of \$280,000 (\$140,000 General Fund and \$140,000 federal funds) to support implementation and oversight of the managed care organization provider tax implemented by AB 115 (Committee on Budget), Chapter 348, Statutes of 2019. AB 115 imposes a tax on enrollment in managed care organizations in California, which provides funding of approximately \$1.7 billion to support health care services for children and seniors in the Medi-Cal program.
- **Managed Care Alternative Access Standards.** The budget includes expenditure authority of \$1.4 million (\$500,000 General Fund and \$949,000 federal funds) in 2020-21, and \$1.4 million (\$482,000 General Fund and \$931,000 federal funds) annually thereafter to support monitoring of managed care provider network adequacy standards, pursuant to AB 1642 (Wood), Chapter 465, Statutes of 2019. AB 1642 requires a Medi-Cal managed care plan to report on the plan's compliance with state and federal rules that ensure access to necessary medical care for enrolled beneficiaries, as well as provide justification for requests to adhere to an alternative access standard.
- **Pharmacy Proposals.** The Legislature approved trailer bill language to implement several initiatives and other changes to reduce the cost of prescription drugs in the state, including:
  - *International "Best Price".* The trailer bill language authorizes Medi-Cal to negotiate for prescription drug rebates based on the international "best price", rather than the domestic "best price".
  - *Drug Rebates for Non-Medi-Cal Populations.* The trailer bill language authorizes DHCS to seek federal approval to establish a prescription drug rebate program for populations that are ineligible for full-scope Medi-Cal coverage.
  - *Copays and Prescription Limits.* The trailer bill language eliminates copays and the current six prescription limit for pharmacy coverage in the Medi-Cal fee-for-service delivery system.

- **Hearing Aid Grant Program.** The budget includes one position and General Fund expenditure authority of \$400,000 in 2020-21, \$15.1 million in 2021-22, and \$14.5 million annually thereafter to provide hearing aids and associated services to uninsured children up to 600 percent of the federal poverty level, beginning July 1, 2021.
- **Medically Tailored Meals Pilot Extension.** The budget includes reappropriation of General Fund authority of \$1.4 million approved in the 2017 Budget Act to support the medically tailored meals pilot program. The Legislature also approved trailer bill language to extend the program period from three to four years due to delays in implementation.
- **California 1115 Waiver – Medi-Cal 2020.** The budget includes expenditure authority of \$283,000 (\$142,000 General Fund and \$141,000 federal funds) in 2020-21 and 2021-22 to support reporting, monitoring, and evaluation of the Whole Person Care, Seniors and Persons with Disabilities, and California Children’s Services Programs.
- **Medi-Cal Home- and Community-Based Services (SB 289).** The budget includes expenditure authority of \$140,000 (\$70,000 General Fund and \$70,000 federal funds) in 2020-21 and \$131,000 (\$66,000 General Fund and \$65,000 federal funds) annually thereafter to implement secondary waiting lists for home- and community-based services programs specific to military families on active duty, pursuant to SB 289 (Archuleta), Chapter 846, Statutes of 2019.
- **Program of All-Inclusive Care for the Elderly (PACE) Licensure Oversight (AB 1128).** The budget includes expenditure authority of \$1 million (\$460,000 PACE Oversight Fund and \$549,000 federal funds) in 2020-21, and \$1.7 million (\$771,000 PACE Oversight Fund and \$917,000 federal funds) annually thereafter to support transfer of oversight and regulatory responsibilities for PACE licensure exemption process from the Department of Public Health to DHCS, pursuant to AB 1128 (Petrie-Norris), Chapter 821, Statutes of 2019. The non-federal share of these resources is funded from the PACE Oversight Fund, established by AB 1128 to collect revenue from PACE organizations that they would have otherwise spent on licensure.
- **Behavioral Health Network Adequacy.** The budget includes four positions and expenditure authority of \$1.2 million (\$605,000 General Fund and \$605,000 federal funds) in 2020-21, \$1.1 million (\$569,000 General Fund and \$569,000 federal funds) in 2021-22, and \$585,000 (\$293,000 General Fund and \$292,000 federal funds) annually thereafter to assist county behavioral health programs to comply with federal provider network adequacy requirements.
- **Drug Medi-Cal Organized Delivery System (DMC-ODS) Resources.** The budget includes expenditure authority of \$1.2 million (\$575,000 General Fund and \$575,000 federal funds) in 2020-21 to support the External Quality Review Organization contract, which conducts independent review of DMC-ODS counties for quality of care, timeliness of services, and access to services. This review is required by the terms of the state’s 1115 Demonstration Waiver, Medi-Cal 2020.
- **Drug Medi-Cal Reimbursement for Medication Assisted Treatment for Opioid Use Disorders.** The Legislature approved trailer bill language to provide statewide reimbursement to all Drug Medi-Cal providers certified under the state’s Medicaid State Plan for the provision of Medication Assisted Treatment services to treat opioid use disorders. Currently, reimbursement is

only allowed for methadone and naltrexone. This language will allow reimbursement for all FDA-approved medication for the treatment of opioid use disorders, as well as counseling services and behavioral therapy. These statutory changes align with the requirements of the federal Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act.

- **STRTP Mental Health Program Approval, Oversight, and Monitoring.** The budget includes expenditure authority of \$1.4 million (\$690,000 General Fund and \$690,000 federal funds) in 2020-21 and 2021-22 to continue monitoring, oversight, and approvals of mental health services in Short-Term Residential Therapeutic Programs (STRTPs). STRTPs provide specialized and intensive mental health treatment for children, particularly in foster care, and replaced the existing system of group homes pursuant to the implementation of Continuum of Care Reform authorized by AB 403 (Stone), Chapter 773, Statutes of 2015.
- **Adult Use of Marijuana Act: Proposition 64 Youth Education, Prevention, and Treatment Workload.** The budget includes expenditure authority from the Youth Education, Prevention, Early Intervention, and Treatment Account of the Cannabis Tax Fund of \$199.7 million in 2020-21 to support education, prevention and treatment of youth substance use disorders and school retention.
- **Medi-Cal Eligibility Data System (MEDS) Modernization Reduction and Project Transfer.** The budget includes a reduction of expenditure authority of \$4.6 million (\$402,000 General Fund and \$4.2 million federal funds) allocated for the Medi-Cal Eligibility Data System (MEDS) Modernization project, currently overseen by the Office of Systems Integration at the California Health and Human Services Agency (CHHSA). This reduction in expenditure authority reflects a shift in focus to an enterprise-wide modernization approach, known as Medi-Cal Enterprise System (MES). (See also “*Medi-Cal Eligibility Data System Modernization Redirection*” in the CHHSA section of this report.)
- **Medi-Cal Enterprise System – Federal Draw and Reporting Project.** The budget includes expenditure authority of \$11.2 million (\$1.1 million General Fund and \$10 million federal funds) in 2020-21 to continue the Federal Draw and Reporting (FDR) project, a component of the California Medicaid Management Information System (CA-MMIS). The CA-MMIS replacement project, MEDS Modernization project, and the California Behavioral Health Data System Modernization project are being combined into a new Medi-Cal Enterprise System (MES) enterprise-wide modernization effort. The Legislature also approved budget bill language to allow an augmentation of General Fund expenditure authority of up to \$1.1 million, contingent upon satisfactory progress of project milestones.
- **California Medicaid Management Information System (CA-MMIS) Reappropriation.** The budget includes reappropriation of expenditure authority of \$18.2 million (\$5.1 million General Fund and \$13.1 million federal funds), previously authorized in the 2018 and 2019 Budget Acts, for turnover and takeover efforts for the CA-MMIS project.
- **Dental Services Program Procurements Administrative Service Organization.** The budget includes expenditure authority of \$661,000 (\$331,000 General Fund and \$330,000 federal funds) in 2020-21 and \$625,000 (\$313,000 General Fund and \$312,000 federal funds) in 2021-22 and 2022-

23 to oversee the procurement, contract transition, and related activities for annual procurement of the Administrative Services Organization (ASO) contract for the Denti-Cal program, which oversees the dental services benefit for Medi-Cal beneficiaries. The ASO is responsible for various Denti-Cal administrative activities including oversight and operation of a call center, provider outreach and training, member care coordination, assisting members with locating a dental provider or scheduling a dental appointment, processing provider enrollment applications, and other related efforts to increase provider participation and member utilization of dental services.

- **Electronic Record Incentive Program Name Change and Sunset Extension.** The Legislature approved trailer bill language to change the name of the Electronic Health Record Incentive Program to the Medi-Cal Promoting Interoperability Program, to reflect a renewed focus on program and data interoperability, and to extend the sunset date for the program from July 1, 2021, to January 1, 2024.
- **Breast Cancer Fund Technical Expenditure Adjustments.** The budget includes a technical adjustment to expenditure authority of \$1.6 million in the Breast Cancer Fund to align expenditures with revenues in support of early breast cancer detection for uninsured and underinsured women in the Every Woman Counts program.
- **Miscellaneous Baseline Adjustments.** The budget includes increased federal fund expenditure authority of \$18.5 million for mental health services and \$124.7 million for substance use disorder treatment to reflect the receipt of federal grant funding.
- **Richmond Laboratory Lease Payment.** The budget includes expenditure authority of \$1.2 million (\$620,000 General Fund and \$620,000 federal funds) to reimburse the Department of Public Health for lease-revenue bond based rental payments at its Richmond Laboratory.
- **Adjustment for Erroneous Federal Claiming for Behavioral Health Programs.** The budget includes General Fund expenditure authority of \$148.5 million to repay the federal government for inappropriately claimed federal financial participation for non-emergency behavioral health services provided to eligible, non-exempt, qualified immigrants by county behavioral health programs. State General Fund will be used initially to repay the federal government and counties will repay the state the portion for which they are responsible.
- **Adjustment for Erroneous Federal Claiming for State-Only Programs.** The budget includes General Fund expenditure authority of \$519.6 million to repay the federal government for inappropriately claimed federal financial participation for non-emergency health care services provided to eligible, non-exempt, qualified immigrants. The Legislature also approved budget bill language directing DHCS to seek more favorable repayment terms from the federal government to minimize the impact on the General Fund in any individual fiscal year.
- **Utilize Fund Balances to Support Medi-Cal.** The budget authorizes DHCS to utilize unspent fund balances from the following special funds to support the Medi-Cal program:
  - Children’s Health and Human Services Special Fund (Fund 3156) - \$100 million
  - Health Care Plan Fines and Penalties Fund (Fund 3311) - \$36.6 million

**4265 DEPARTMENT OF PUBLIC HEALTH (DPH)**

- **AIDS Drug Assistance Program (ADAP).** The budget includes \$414.1 million (\$297.5 million ADAP Rebate Fund and \$116.8 million federal funds) in 2019-20 and \$438.3 million (\$329.5 million ADAP Rebate Fund and \$108.8 million federal funds) in 2020-21 for expenditures in the ADAP, which provides access to life-saving medications for Californians living with HIV and assistance with costs related to pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) medications for Californians at risk of acquiring HIV.
- **ADAP Enrollment System Maintenance and Operations Support.** The budget includes nine positions and expenditure authority from the ADAP Rebate Fund of \$4.8 million annually to support ongoing maintenance and operations of the ADAP Enrollment System (AES). AES manages eligibility determinations, enrollment, and medication access for clients of the ADAP program.
- **ADAP Modified Adjusted Gross Income (MAGI) Information.** The Legislature approved trailer bill language to allow for electronic retrieval of ADAP clients' modified adjusted gross income (MAGI) data from the California Franchise Tax Board (FTB). State law previously only allowed FTB to provide the adjusted gross income, which does not include household data necessary to calculate MAGI, which forms the basis of determinations of ADAP client eligibility.
- **Pre-Exposure Prophylaxis (PrEP) Assistance Program – Initial 30-Day Supply of Medication.** The Legislature approved trailer bill language to allow the PrEP Assistance Program to pay for an initial 30-day supply of pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) medication. The 2018 Budget Act authorized the ADAP program to furnish up to 14 days of PrEP or PEP to clients and up to 28 days of PEP to clients who are victims of sexual assault. However, these medications are only available from the manufacturer in packages comprising a 30-day supply. The approved language will allow ADAP to furnish an initial 30-day supply of medications to clients, consistent with current packaging practices of the manufacturer.
- **Ongoing Funding for Prevention of HIV, Hepatitis C, and Sexually Transmitted Diseases.** The Legislature adopted budget bill language to repeal provisions that suspend funding for sexually transmitted disease, human immunodeficiency virus, and hepatitis C prevention programs adopted in the 2019 Budget Act. This action would maintain ongoing funding for these programs.
- **Immunization Medical Exemption Program.** The budget includes 15 positions and General Fund expenditure authority of \$3.4 million in 2020-21, and \$3.1 million annually thereafter to standardize processes for immunization medical exemption requests and build new capacity for the California Immunization Registry.
- **Center for Laboratory Sciences – Protecting California from Infectious Diseases.** The budget includes three positions and General Fund expenditure authority of \$5.9 million in 2020-21 and \$4.8 million annually thereafter to support emergency response, public health laboratory capacity, disease surveillance, and emergency response. These resources extend funding for previously approved positions in the Infectious Disease Laboratory, establish three new positions to assist with coronavirus and other testing workload for local jurisdictions, and increase whole genome sequencing methods for foodborne disease identification.



- **Genetic Disease Screening Program (GDSP).** The budget includes expenditure authority from the Genetic Disease Testing Fund of \$143 million (\$31.4 million state operations and \$111.6 million local assistance) in 2019-20, and \$141.3 million (\$31.7 million state operations and \$109.7 million local assistance) in 2020-21 to fund the Genetic Disease Screening Program, which screens newborns and pregnant women for genetic and congenital disorders.
- **Women, Infants, and Children (WIC) Program.** The budget includes expenditure authority of \$1.1 billion (\$854.9 million federal funds and \$210.1 million WIC manufacturer rebate funds) in 2019-20 and \$1 billion (\$834.6 million federal funds and \$189 million WIC manufacturer rebate funds) in 2020-21 to fund the WIC Program, which provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to their fifth birthday at or below 185 percent of the federal poverty level.
- **Pregnancy-Related Deaths and Severe Maternal Morbidity Data (SB 464).** The budget includes two positions and General Fund expenditure authority of \$348,000 annually to track and publish data on pregnancy-related deaths and severe maternal morbidity, pursuant to the requirements of SB 464 (Mitchell), Chapter 533, Statutes of 2019.
- **Protecting Children from the Damaging Effects of Lead Exposure.** The budget includes expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$10.3 million annually to increase interventions and other activities designed to reduce exposure of children to lead. This increase in resources is in response to a state audit that recommended responding to increased caseload, requiring additional environmental enforcement by local jurisdictions, and setting evaluation requirements for outreach.
- **Reducing Lead Exposure in Housing and Public Buildings.** The budget includes expenditure authority from the Lead Related Construction Special Fund of \$415,000 annually to support the Lead Related Construction Program's new online certification and payment system, conduct required activities, and address the program's financial sustainability.
- **Lead-Related Construction Fee Administrative Procedures Act Exemption.** The Legislature approved trailer bill language to exempt from the Administrative Procedures Act the fee report mechanism implemented in the 2018 Budget Act to address funding issues in the Lead Related Construction Program.
- **Protecting Health Through Weatherization and Energy Efficiency Programs (AB 1232).** The budget includes one position and General Fund expenditure authority of \$140,000 annually to support the implementation of the Energy Efficiency Low-Income Weatherization Program, including development of a recommended action plan, providing health and financial benefits, and an assessment of the program. These activities are mandated pursuant to AB 1232 (Gloria), Chapter 754, Statutes of 2019.
- **Manufactured Cannabis Safety.** The budget includes expenditure authority of \$15.2 million (\$14.7 million Cannabis Control Fund and \$527,000 reimbursements) in 2020-21, and \$15 million (\$14.5 million Cannabis Control Fund and \$527,000 reimbursements) annually thereafter to continue support for the Medicinal and Adult-Use Cannabis Regulations and Safety Act and to

continue the Medical Marijuana Identification Card Program. The budget also includes expenditure authority from the Cannabis Control Fund of \$5.6 million in 2020-21, 2021-22, and 2022-23 to support administrative hearings, IT system maintenance and operations, and the California Cannabis Track and Trace System contract and tags.

- **Center for Health Care Quality Program Estimate.** The budget includes expenditure authority of \$322.7 million (\$4.3 million General Fund, \$101 million federal funds, and \$217.4 million special funds and reimbursements) in 2019-20 and \$350.3 million (\$4.3 million General Fund, \$99.6 million federal funds, and \$246.5 million special funds and reimbursements) in 2020-21 for the Center for Health Care Quality, which oversees licensed health care facilities and health care professionals. The center will employ 1,350.3 staff in 2019-20 and 1,425.3 in 2020-21.
- **Center for Health Care Quality Operations Expansion.** The budget includes 53 positions funded with existing expenditure authority to improve provider application processing times, and centralize provider support and regulatory assistance services in the Center for Health Care Quality.
- **Enhanced Health Care Quality Services.** The budget includes two positions and expenditure authority from the Licensing and Certification Fund of \$424,000 annually to support detection and containment of antimicrobial resistant and high concern pathogens in health care settings.
- **Facilitating Projects to Benefit Nursing Home Residents.** The budget includes expenditure authority from the Federal Health Facilities Citation Penalties Account of \$6 million in 2020-21, 2021-22, and 2022-23, to support federally approved projects to benefit nursing home residents. The proceeds of federal citations of skilled nursing facilities are required to be used to improve the quality of life of residents. DPH solicits requests for projects and, upon federal approval, oversees implementation.
- **Master Data Management Sustainability.** The budget includes ten positions and expenditure authority from the Health Statistics Special Fund of \$1.5 million annually to increase department-wide analytics for public health decision-making, to continue implementing master data management strategies, and implementation of data-driven community interventions.
- **Cybersecurity Program Augmentation.** The budget includes nine positions and annual expenditure authority of \$1.9 million from federal funds, various special funds, and reimbursements to address cybersecurity and privacy risks identified by security assessments conducted by the California Military Department, the California Department of Technology, and other assessments.
- **General Fund Loan – ADAP Rebate Fund.** The budget includes provisional language to provide for a loan of up to \$100 million from the ADAP Rebate Fund to the General Fund. This fund receives manufacturer rebates from drugs purchased through the ADAP Program to support state operations and local assistance expenditures in the program, which provides access to life-saving medications for Californians living with HIV and assistance with costs related to pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) medications for Californians at risk of acquiring HIV. The provisional language requires the repayment of all or a portion of the loan if the Director of Finance determines that any of the following circumstances exist: (a) the fund or

account from which the loan was made has a need for the moneys to maintain a prudent reserve of not less than 40 percent of operating expenses in the previous year for the ADAP Program, (b) the fund or account from which the loan was made has a need for the moneys to maintain a prudent reserve due to a decrease in federal funding, (c) the fund or account from which the loan was made has a need for the moneys to provide drugs and services through the ADAP Program or the HIV prevention program, (d) the fund or account from which the loan was made has a need for the moneys to increase eligibility criteria or add new drugs and services to the ADAP Program or the HIV prevention program, or (e) there is no longer a need for the moneys in the fund or account that received the loan.

- **General Fund Loan – Genetic Disease Testing Fund.** The budget includes provisional language to provide for a loan of up to \$3 million from the Genetic Disease Testing Fund to the General Fund. This fund supports the state’s Genetic Disease Screening Program, which screens newborns and pregnant women for genetic and congenital disorders. The provisional language requires the repayment of all or a portion of the loan if the Director of Finance determines that either of the following circumstances exist: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.
- **General Fund Loan – Health Statistics Special Fund.** The budget includes provisional language to provide for a loan of up to \$3 million from the Health Statistics Special Fund to the General Fund. This fund collects fee revenue related to vital records and supports the State Registrar program and other vital records programs at the Department of Public Health. The provisional language requires the repayment of all or a portion of the loan if the Director of Finance determines that either of the following circumstances exist: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.
- **General Fund Loan – Infant Botulism Treatment and Prevention Fund.** The budget includes provisional language to provide for a loan of up to \$3 million from the Infant Botulism Treatment and Prevention Fund to the General Fund. This fund collects fees from the provision of treatments for infant botulism to support the Infant Botulism Treatment and Prevention Program, which provides and improves the treatment of infant botulism, and promotes prevention of infant botulism and related diseases. The provisional language requires the repayment of all or a portion of the loan if the Director of Finance determines that either of the following circumstances exist: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.
- **Proposition 99 Expenditure Adjustments.** The budget includes a technical adjustment to Proposition 99 tobacco tax revenue amounts, as follows: 1) a reduction of \$10.3 million in the Health Education Account, 2) a reduction of \$1.3 million in the Research Account, and 3) a reduction of \$708,000 in the Unallocated Account. These adjustments reflect changes in estimates of Proposition 99 revenue.
- **Various Technical Adjustments.** The budget includes the following technical adjustments in the DPH budget: 1) a decrease of \$27,000 in the Breast Cancer Research Fund to reflect changes in

cigarette tax revenue, and 2) a net-zero funding shift between programs to accurately display expenditures.

#### **4440 DEPARTMENT OF STATE HOSPITALS (DSH)**

- **Post-Incident Debriefing and Support.** The budget includes five positions and General Fund expenditure authority of \$831,000 annually to establish a statewide Employee Post-Incident Debriefing and Support Services program. This program will provide resources and medical, physical, and emotional support to DSH employees involved in a violent incident or assault.
- **Patton Over-Bedding Sunset Extension.** The Legislature approved trailer bill language to extend the sunset date from September 2020 to September 2030 to continue to operate 1,530 beds at Patton State Hospital.
- **Medical Director Exempt Positions.** The Legislature approved trailer bill language to transfer appointment authority of state hospital medical directors from the DSH Director to the Governor, upon recommendation from the Director. The language also authorizes the Director to designate additional employees as officers beyond the hospital administrator, hospital director, and chief of police services.
- **Atascadero State Hospital: Potable Water Booster Pump System – Working Drawings Phase.** The budget includes General Fund expenditure authority of \$229,000 in 2020-21 for the working drawings phase of the project to install a potable water booster pump system at Atascadero State Hospital. According to DSH, the hospital has experienced significant issues with water pressure below the level necessary for normal facility operations.
- **Metropolitan State Hospital: Fire Alarm Upgrade - Reappropriation.** The budget includes reappropriation language to extend the liquidation period for the construction phase of funding for the Metropolitan Fire Alarm System Upgrade project. An extension of the liquidation period is needed due to delays in the regulatory review process.
- **Patton State Hospital: Fire Alarm System Upgrade - Reappropriation.** The budget includes reappropriation of General Fund expenditure authority of \$9.4 million for the construction phase of funding for the Patton Fire Alarm System Upgrade project. According to DSH, this reappropriation is necessary due to delays in the regulatory review process and will allow the department to complete the working drawings phase of the project and proceed to construction in 2020-21.
- **Pharmacy Modernization – Phase 2.** The budget includes General Fund expenditure authority of \$928,000 in 2020-21, \$5.6 million in 2021-22, and \$823,000 annually thereafter to support the modernization of pharmacy management systems at the state hospitals.
- **Relocation to the Clifford L. Allenby Building – Phase 2.** The budget includes General Fund expenditure authority of \$3.3 million in 2020-21 to support relocation of CHHSA, DSH and the Department of Developmental Services (DDS) to the Clifford L. Allenby Building. The funding is authorized for one fiscal year as the Administration is reevaluating space needs, the use of telework, and restacking opportunities in state-owned buildings. The Legislature also approved

budget bill language to allow expenditure of these funds until June 30, 2023, and that they shall not be available until the State's evaluation of telework and restacking is complete.

- **Statewide Ligature Risk Special Repair Funding.** The budget includes General Fund expenditure authority of \$5.3 million in 2020-21 and 2021-22, \$8.4 million in 2022-23 and 2023-24, and \$15.4 million in 2024-25, 2025-26, and 2026-27 to mitigate ligature risk within four of its Joint Commission accredited hospitals. The federal Centers for Medicare and Medicaid Services, as well as the Joint Commission have indicated an increased focus on ligature risks, which are defined as anything which could be used to attach a cord, rope, or other material for the purpose of hanging or strangulation.
- **Mission-Based Review – Staffing Study.** The budget includes 12.5 positions and General Fund expenditure authority of \$5 million in 2020-21 to implement the first phase of a staffing standard to support protective services and treatment functions at DSH.
- **Electronic Health Records within Clinical Assessments, Reports, and Evaluation System – Phase 2.** The budget includes four positions and General Fund expenditure authority of \$2.4 million in 2020-21 and eight positions and \$3.2 million annually thereafter to continue planning and procurement of the electronic health record (EHR) component of the “Continuum” patient care system. These positions and resources will support the completion of Stages 3 and 4 of the Project Lifecycle Approval process.
- **Statewide Roof Repairs and Replacement.** The budget includes one position and \$26.7 million in 2020-21 and \$129,000 annually thereafter to replace roofs at Napa, Metropolitan, and Patton State Hospitals. According to DSH, each of these roofs is subject to water intrusion into the building, which may lead to mold, licensure violations, and negative impacts to bed capacity.
- **Program Update: Admission, Evaluation, and Stabilization (AES) Center.** The budget includes General Fund expenditure authority of \$432,000 in 2019-20 and \$5.3 million in 2020-21 for activation of beds at the Kern AES Center. These changes are the result of unforeseen delays in Kern County's process for procuring service contracts to renovate treatment space. DSH expects to complete this 30-bed expansion in the fall of 2020.
- **Program Update: Conditional Release Program (CONREP) – Continuum of Care.** The budget includes a one-time reduction of General Fund expenditure authority of \$3.4 million in 2019-20 for the establishment of a 78 bed step-down program for patients ready for the CONREP program in 18-24 months, as adopted in the 2019 Budget Act. According to DSH, this reduction is due to delays in regulatory approvals for building retrofits and DSH expects program activation to begin in July 2020.
- **Program Update: CONREP: Non-Sexually Violent Predator (Non-SVP) Provider Contract Funding.** The budget includes General Fund expenditure authority of \$2.2 million in 2020-21 and \$2.4 million in 2021-22 to increase support of placement evaluations for CONREP-Non-SVP patients through the use of contracted staff. According to DSH, these resources are needed to address increased caseload in this population.

- **Program Update: Enhanced Treatment Program (ETP) Implementation.** The budget includes reduced General Fund expenditure authority of \$8.4 million in 2019-20 and \$994,000 in 2020-21, as well as a reduction of 53.4 positions in 2019-20 and 9.9 positions in 2020-21, due to delayed activation of ETP units at Atascadero and Patton State Hospitals. ETP units accept patients who are at the highest risk of violence and cannot be safely treated in a standard treatment environment.
- **Program Update: Incompetent to Stand Trial (IST) “Off-Ramp” Services.** The budget includes General Fund expenditure authority of \$1 million in 2020-21 and \$2 million annually thereafter for the IST Off-Ramp team in Los Angeles County, which assesses potential IST patients for restoration of competency prior to admission to a DSH program and was authorized in the 2019 Budget Act.
- **Program Update: Jail-Based Competency Treatment (JBCT) Program – Existing Programs and Patient Rights.** The budget includes reduction of General Fund expenditure authority of \$3.7 million in 2019-20 and \$6.9 million in 2020-21 due to delayed activation of existing JBCT programs, which are administered by counties to provide restoration of competency services to IST patients while in county jail facilities.
- **Program Update: Jail-Based Competency Treatment Program Expansion.** The budget includes General Fund expenditure authority of \$76,000 in 2019-20 and \$6.1 million in 2020-21 for expansions of new JBCT programs in new counties. Bed capacity is expected to increase in three northern California counties, one central California county and one southern California county.
- **Program Update: Lanterman-Petris-Short (LPS) Population and Personal Services Adjustment.** The budget includes additional reimbursement expenditure authority from counties of \$5.8 million in 2020-21 and \$5.8 million in 2021-22 to reflect increased referrals of involuntary civil commitments under the Lanterman-Petris-Short Act.
- **Program Update: Metropolitan State Hospital: Increased Secure Bed Capacity.** The budget includes a reduction in General Fund expenditure authority of \$34.4 million in 2019-20 and \$6.5 million in 2020-21, and increased General Fund expenditure authority of \$294,000 in 2021-22, related to delays in the activation of secure bed capacity at Metropolitan State Hospital due to construction and fire marshal delays. The budget also includes a reduction of 222.4 positions in 2019-20 and 41.7 positions in 2020-21.
- **Program Update: Mission-Based Review – Court Evaluations and Reports.** The budget includes a reduction in General Fund expenditure authority of \$895,000 in 2019-20, \$3.3 million in 2020-21, and \$2 million in 2021-22 due to delays in recruiting and hiring for court evaluation and legal staff approved in the 2019 Budget Act. The budget also includes a reduction of 2.7 positions in 2019-20, 17.7 positions in 2020-21, and 7.7 positions in 2021-22.
- **Program Update: Mission-Based Review – Direct Care Nursing.** The budget includes a reduction in General Fund expenditure authority of \$11.1 million in 2019-20, \$21 million in 2020-21, and \$15.1 million in 2021-22 to reflect a revised implementation timeline for direct care nursing staff approved in the 2019 Budget Act due to the COVID-19 pandemic. The budget also

includes a reduction of 83.5 positions in 2019-20, 162.1 positions in 2020-21, and 162.1 positions in 2021-22.

- **Napa Earthquake Special Repair Loan Reappropriation.** The budget includes reappropriation of loan funding approved in the 2017 Budget Act for earthquake repairs at Napa State Hospital to allow additional time for receipt of Federal Emergency Management Agency (FEMA) funding.
- **Vocational Services and Patient Wages Technical Adjustment.** The budget includes a technical adjustment to reflect a net-zero funding shift between programs to accurately display expenditures and simplify administrative processes for the augmentation in the 2019 Budget Act related to vocational services and patient wages in state hospitals.

#### **4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)**

- **Contract and Information Technology Workload.** The budget includes one position and expenditure authority from the Mental Health Services Fund of \$144,000 annually to support one Information Technology Associate to mitigate the risks due to key-person dependence, mitigate IT security risks, address increased IT help desk assistance workload, and address recently implemented web-based technologies workload.
- **Prevention and Early Intervention Statewide Prioritization and Oversight.** The budget includes two positions and expenditure authority from the Mental Health Services Fund of \$272,000 annually to support administrative responsibilities under Chapter 843, Statutes of 2018 (SB 1004), including analyzing Prevention and Early Intervention program reports, providing logistical support, developing meeting materials, and providing technical assistance to counties.
- **Suicide Prevention.** The budget includes expenditure authority from the Mental Health Services Fund of \$2 million in 2020-21 to support suicide prevention efforts consistent with the MHSOAC's Suicide Prevention Report, "Striving for Zero".
- **County Partnerships for Innovative Approaches to Address COVID-19 Mental Health Needs.** The budget includes expenditure authority from the Mental Health Services Fund of \$2 million in 2020-21 to support innovative approaches, in partnership with counties and other entities, to address mental health needs as a result of the COVID-19 pandemic.
- **Authority and Flexibility for Contract Renegotiation to Reflect COVID-19.** The Legislature approved budget bill language to allow MHSOAC to adjust existing contracts with counties and other entities adopted prior to the COVID-19 pandemic to reflect new mental health needs and modalities of care delivery. Any adjustments must be consistent with the legislative intent of the available funding, further the state's interest in addressing current and emerging mental health needs, and improve the cost-effectiveness of the local assistance program.
- **Fund Transfer for Office Space Lease Costs.** The budget includes a transfer of expenditure authority from the Mental Health Services Fund of \$326,000 from local assistance to state

operations for MHSOAC to support increased office space lease costs for additional staff hired to meet new program responsibilities adopted in the 2019 Budget Act.

#### 4800 CALIFORNIA HEALTH BENEFIT EXCHANGE

- **Covered California Health Benefit Exchange.** The budget includes \$398.1 million from the California Health Trust Fund for operation of the California Health Benefit Exchange, which facilitates the enrollment of qualified individuals and small employers in qualified health plans, including through Covered California. The California Health Trust Fund collects revenue from charges on qualified health plans to support operation of the exchange.
- **Health Insurance Premium Affordability Assistance.** The budget includes General Fund expenditure authority of \$348.9 million to provide premium subsidies for individuals up to 600 percent of the federal poverty level purchasing health insurance in the California Health Benefit Exchange (Covered California). According to Covered California, the program design for the 2021 State Subsidy Program will require the following premium contribution ranges by income level:

2021 Required Contribution Table Household income (expressed as a percent of the federal poverty level):	The initial premium percentage of household income	The final premium percentage of household income
At or below 138 percent	0	0
Greater than 200 percent up to and including 250 percent	6.24	7.80
Greater than 250 percent up to and including 300 percent	7.80	8.90
Greater than 300 percent up to and including 400 percent	8.90	9.68
Greater than 400 percent up to and including 450 percent	9.68	14.00
Greater than 450 percent up to and including 500 percent	14.00	16.00
Greater than 500 percent up to and including 600 percent	16.00	18.00

The 2019 Budget Act included General Fund expenditure authority of \$428.6 million in 2019-20, \$479.8 million in 2020-21, and \$547.2 million in 2021-22 to support the premium subsidy program. Although the premium subsidy design has not changed from the design adopted for 2020, the reduction in expenditure authority in the 2020 Budget Act reflects lower than expected enrollment for individuals with household income between 400 and 600 percent of the federal poverty level.

- **Clinical Volunteering for Covered California Board and Staff.** The Legislature approved trailer bill language to allow the board and staff members of Covered California to provide volunteer professional services if certain conditions are met regarding conflicts of interest.
- **Actuarial Value of Non-Grandfathered Health Plans and Insurance Policies.** The Legislature approved trailer bill language to revise the actuarial value of Bronze-level health plans offered in Covered California to comply with new federal rules.



**0000 VARIOUS DEPARTMENTS**

- **Health and Human Services Program Suspensions – 2019 Budget Act.** The budget maintains the 2019 Budget Act framework to suspend several health and human services programs on December 31, 2021, unless the 2021 May Revision contains projected annual General Fund revenues that exceed projected annual General Fund expenditures sufficient to fund all suspended programs. The budget makes two key changes to the 2019 Budget Act framework including: 1) advancing suspension of Proposition 56 supplemental provider payments, except family planning, women’s health and the Loan Repayment Program, to July 1, 2021; and 2) repealing provisions authorizing suspension of funding for HIV, hepatitis C, and sexually transmitted disease prevention programs at DPH. The health-related departmental programs subject to suspension are as follows:
  - DHCS – Proposition 56 Supplemental Provider Payments (July 1, 2021; except family planning, women’s health, and the Loan Repayment Program)
  - DHCS – Proposition 56 Value-Based Payments Program
  - DHCS – Restoration of Optional Medi-Cal Benefits
  - DHCS – Expand Screening, Brief Intervention, Referral to Treatment to Opioids and Other Drugs
  - DHCS – Extension of Medi-Cal for Post-partum Mental Health

**Health Budget Trailer Bills and Budget Bills**

1. *Health Omnibus – Assembly Bill 80 (Committee on Budget), Chapter 12, Statutes of 2020.*
2. *Budget Bill– Senate Bill 74 (Committee on Budget and Fiscal Review), Chapter 6, Statutes of 2020.*
3. *Budget Bill– Assembly Bill 89 (Committee on Budget), Chapter 7, Statutes of 2020.*
4. *Budget Bill– Senate Bill 115 (Committee on Budget and Fiscal Review), Chapter 40, Statutes of 2020.*

# HUMAN SERVICES

**REALIGNMENT BACKFILL FOR COUNTIES.** The budget includes \$750 million to provide support for counties experiencing revenue losses for realigned programs, prioritizing support for health and human services, entitlement programs, and programs that serve vulnerable populations. To the extent the federal government provides sufficient funding by October 15, 2020, an additional \$250 million may be provided to counties.

## 4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES (SCDD)

The SCDD is responsible for engaging in advocacy, capacity building, and activities that promote self-determination, independence, productivity, and inclusion in all aspects of community life for Californians with developmental disabilities and their families. The budget for the SCDD was approved as budgeted and provided \$13.1 million (\$7.8 million federal funds; \$5.3 million reimbursements) for 2020-21. The budget also includes trailer bill language requiring the SCDD to issue an interim report on the status of the Self Determination Program and extends the deadline for the submission of the Council's final report on the program to December 31, 2022.

## 4170 CALIFORNIA DEPARTMENT OF AGING (CDA)

The budget includes \$258.9 million (\$68 million General Fund) for CDA, including:

- **Headquarters Relocation Funding.** The budget includes \$526,000 General Fund to support the relocation of the department's headquarters.
- **Medicare Improvements for Patients and Providers Act (MIPPA) - Technical Adjustment for Expenditure Authority.** The budget includes \$2.2 million federal funds to expend the MIPPA federal grant and provides ongoing authority for the federal grant. The Administration for Community Living, part of the U.S. Department of Health and Human Services, recently indicated that the MIPPA funding will be ongoing.
- **Loan from Health Insurance Counseling and Advocacy Program (HICAP) Fund to General Fund.** The budget includes provisional language to provide loan authority of \$5 million as part of the statewide efforts to support the General Fund in response to the coronavirus pandemic. Additional provisional language authorizes the Department of Finance to authorize a loan from the HICAP Fund to the General Fund.
- **Special Deposit Fund Expenditure Authority for Local Long-Term Care Ombudsman Programs.** The budget includes \$1 million to reflect the transfer of funds from the Department of Public Health, Item 4265-002-0942, according to Provision 3 of Item 4265-002-0942, Budget Act of 2019, which allows fund balances above \$6 million to go toward the local Long-Term Care Ombudsman program under the Department of Aging. The budget also rejects the Governor's May

Revision proposal to reduce funding for local Long-Term Care Ombudsman programs by \$2 million General Fund.

- **Multipurpose Senior Services Program (MSSP).** The budget rejects the Governor's May Revision proposal to eliminate MSSP to result in an estimated \$22.2 million General Fund savings in 2020-21.
- **Community Based Adult Services Program (CBAS).** The budget rejects the Governor's May Revision proposal to eliminate CBAS to result in an estimated \$1.6 million General Fund savings in 2020-21.
- **Nutrition Programs.** The budget rejects the Governor's May Revision proposal to reduce funding for Senior Nutrition programs by \$8.5 million General Fund.
- **Aging and Disability Resource Centers (ADRCs).** The budget rejects the Governor's May Revision proposal to reduce funding for ADRCs by \$3 million General Fund.

#### **4180 COMMISSION ON AGING**

The California Commission on Aging's mission is to advise the Governor, Legislature, and state and local agencies on the issues and concerns of older Californians. The budget for the Commission was approved as budgeted and includes \$778,000 (\$217,000 General Fund). Of that amount, \$217,000 General Fund is provided for the Commissions' relocation.

#### **4185 CALIFORNIA SENIOR LEGISLATURE (CSL)**

The California Senior Legislature was established in 1980 to offer model legislation for older citizens and to advocate for the needs of seniors. The budget was approved as budgeted and includes \$431,000 (\$306,000 General Fund and \$125,000 Senior Citizen Advocacy Voluntary Tax Contribution Fund) for support of the CSL.

#### **4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)**

The budget includes a total of \$9.8 billion (\$5.9 billion General Fund) to support the department and its activities, including:

- **Additional Supplemental Provider Rate Adjustments.** The budget rejects the Governor's May Revision proposal to withdraw funding for additional supplemental rate increases. The budget includes \$18 million (\$11 million General Fund) to provide a rate increase to independent living programs, infant development programs, and early start specialized therapeutic services. The percentages of the rate increases shall be established by the department and posted on the department's website. Implementation of these rate increases will be suspended on December 31, 2021. The suspension will be lifted if the Department of Finance determines that there is sufficient

General Fund revenue to support all suspended programs. The budget also includes trailer bill language to effect this change.

- **Incompetent to Stand Trial Capacity.** The budget includes \$16.4 million General Fund and 71.7 positions to open an additional unit at Porterville Developmental Center Secure Treatment Program until June 30, 2023. The budget also includes trailer bill language to remove the sunset date of the enhanced behavioral support home (EBSH) with delayed egress and secure perimeter pilot project, increase the maximum number of beds in facilities that utilized delayed egress and secure perimeter to 174 statewide, and revise provisions dealing with the diversion process for defendants that have been evaluated by a regional center to have a developmental disability.
- **COVID-19 Impacts.** The budget includes \$336.7 million (\$237.5 million General Fund) to reflect the impacts of COVID-19 on the developmental services system. These changes reflect increased costs associated with increased utilization in the purchase of services specific to residential settings, respite, and personal attendants. These costs also reflect surge development at the developmental centers and in the community.
- **Uniform Holiday Schedule.** The budget includes \$51.5 million (\$31.3 million General Fund) to suspend the implementation of the Uniform Holiday Schedule. The funding will be suspended on December 31, 2021. The suspension will be lifted if the Department of Finance determines that there is sufficient General Fund revenue to support all suspended programs. The Governor's May Revision proposed to begin implementation of the policy in 2020-21, but the final budget rejected the May Revision proposal.
- **Electronic Visit Verification Phase II Resources.** The budget includes \$1.5 million (\$477,000 General Fund) and two positions to support the planning and implementation efforts for Electronic Visit Verification Phase II, a system to electronically verify in-home service visits as required by federal law. The budget includes \$5.1 million General Fund for penalties associated with missing the deadline for the federally required electronic visit verification system.
- **Relocation to the Clifford L. Allenby Building.** The budget includes \$7.3 million General Fund for resources associated with the department's move to a new facility. The budget bill also includes provisional language requiring that the relocation be evaluated consistent with the Administration's proposal to make the government more efficient through telework opportunities. Funding is contingent on this evaluation.
- **Self-Determination Program Implementation.** The budget includes \$4.4 million (\$3.1 million General Fund) to address administrative costs and workload related to expanding the Self Determination Program.
- **Regional Center Caseload and Utilization Adjustment.** The budget includes \$415 million General Fund for adjustments made in regional center caseload, utilization, and operations. The General Fund increase is mainly attributed to an adjustment to the claiming of federal funds for state-only populations.
- **Federal Medical Assistance Percentage (FMAP) Increase.** The budget includes \$370.8 million federal funds due to the enhanced FMAP, which is assumed to be effective until June 30, 2021.

- **Southern California Headquarters Office.** The budget includes \$2 million (\$1.6 million General Fund) to move into the department's Southern California headquarters.
- **Regional Resources Developmental Program for Southern California.** The budget includes \$1.1 million General Fund to support eight positions for the South Coast Regional Project (SCRCP). The SCRCP will complete the monitoring of former Fairview Development Center residents who transitioned to the community for one calendar year and will continue to support the transition activities of all individuals from the Southern Stabilization, Training, Assistance, and Reintegration (STAR) home, Desert STAR, and the Canyon Springs facility.
- **Fairview Warm Shutdown.** The budget includes \$11.9 million General Fund and 54 positions to continue the warm shutdown of Fairview Developmental Center until a site assessment is completed to inform the disposition of the property.
- **Information Security Office.** The budget includes \$293,000 (\$234,000 million General Fund) for two positions to support workload related to addressing the highest assessed information security and cybersecurity vulnerabilities.
- **Systemic, Therapeutic, Assessment, Resources, and Treatment (START) Training.** The May Revision proposed to withdraw the Administration's January proposal for \$4.5 million (\$2.6 million General Fund) for START training. The final budget rejects that proposal and delays funding for the program until 2021-22.
- **Reversion of Prior Year Funds.** The budget includes provisional language to revert funding from Item 4300-101-0001, Budget Act of 2017, and Items 4300-001-001 and 4300-101-0001, Budget Act of 2018 related to the purchase of services and state-operated facilities.
- **Porterville Developmental Center Fire Sprinkler System.** The budget includes \$210,000 General Fund for preliminary plans to design and install an automatic fire sprinkler system in the Secure Treatment Area at Porterville Developmental Center.
- **Porterville Developmental Center Nitrate Removal System.** The budget includes a reappropriation of \$3.2 million General Fund for the construction phase of a nitrate removal system at Porterville Developmental Center.
- **Porterville Developmental Center Fire Alarm System.** The budget includes \$1.3 million General Fund to complete the construction phase upgrading the fire alarm system at Porterville Developmental Center.
- **Regional Center Operations.** The budget rejects the Governor's May Revision proposal to reduce funding for Regional Center operations by \$40 million (\$30 million General Fund).
- **Parental Cost-Sharing Program.** The budget rejects the Governor's May Revision proposal to restructure and expand the department's parental cost-sharing program to result in an estimated savings of \$4 million.

- **Adjustment of Provider Rates and Review of Expenditure Trends.** The budget rejects the Governor’s May Revision proposal to adjust provider rates and review expenditure trends, to result in an estimated savings of \$300 million General Fund in 2020-21.
- **Additional Federal Reimbursement Opportunities.** The budget rejects the Governor’s May Revision proposal to create additional federal reimbursement opportunities for individuals with developmental disabilities enrolled in and eligible for Medi-Cal, to result in an estimated savings of \$27 million General Fund in 2020-21. Due to concerns about the impacts on families, the budget adopts supplemental reporting language requiring the Legislative Analyst’s Office to review the possible impacts of this proposal and to provide this information to the Legislature by March 1, 2021.
- **Additional Trailer Bill Language.** The following trailer bill language related to the department is included in the 2020 Budget Act:
  - The budget includes language authorizing the department to execute leases, lease-purchases, or leases with the option to purchase for real property necessary for the establishment or maintenance of Stabilization, Training, Assistance, and Reintegration (STAR) homes.
  - The budget includes language requiring regional centers to review an individual program plan no later than seven days after a request is submitted if the review is deemed necessary for the consumer’s health and safety or to maintain the consumer in their home.

#### **4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)**

The budget includes \$288.2 million (\$288.1 million federal funds and \$100,000 reimbursements) for CSD. The department’s budget includes the following:

- **Low Income Weatherization Program.** The budget includes provisional language to re-appropriate and extend the liquidation of Greenhouse Gas Reduction Funds provided in the 2016 and 2017 Budget Acts due to projects delayed as a result of the COVID-19 pandemic.
- **Volunteer Income Tax Assistance (VITA) and Earned Income Tax Credit (EITC) Programs.** The budget makes a net-zero General Fund increase, giving the department reimbursement authority to administer the VITA/EITC programs.

#### **5160 DEPARTMENT OF REHABILITATION (DOR)**

The budget includes \$485.6 million (\$75.9 million General Fund) for DOR to provide direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities. The department’s budget includes the following:

- **Increase of Reimbursement Authority for CalFresh.** The budget includes \$1.2 million in reimbursement authority to continue the CalFresh outreach and application assistance to

Supplemental Security Income (SSI) recipients who are newly-eligible for CalFresh benefits as part of the reversal of the SSI cash-out policy.

- **Deaf and Disabled Telecommunications Program.** The budget includes \$2 million in reimbursement authority to support 2.7 limited-term positions to continue the implementation of the California Public Utilities Commission Deaf and Disabled Telecommunications Program in administering a statewide pilot for providing speech-generating devices to Californians with disabilities via an interagency agreement.
- **System and Privacy Protections.** The budget includes \$670,000 General Fund to provide dedicated services towards agency-wide design and implementation of modern technologies to meet the California Department of Technology standards and enhance current privacy protections of Californians' personal information.
- **Independent Living Centers.** The budget rejects the Governor's May Revision proposal to reduce funding for Independent Living Centers by \$2 million General Fund.

## 5175 DEPARTMENT OF CHILD SUPPORT SERVICES

The budget includes \$1 billion (\$315 million General Fund) for child support services to establish parentage and collect child support. The department's budget includes the following:

- **Local Child Support Agency Funding.** The budget includes a reduction of \$38 million General Fund to revert Local Child Support Agencies funding to their 2018 levels as part of the statewide budget reduction efforts in response to the coronavirus pandemic. Note that this funding is contingent on the federal government providing additional funding by October 15, 2020. If federal funding is provided then the department's budget will be restored to the levels proposed in the Governor's January 2020 budget.
- **State Operations and Contracts.** The budget includes a reduction of \$8.3 million General Fund to reduce state operation costs as part of the statewide budget reduction effort in response to the coronavirus pandemic. Note that this funding is contingent on the federal government providing additional funding by October 15, 2020. If additional funding is provided then the department's budget will be restored to the levels proposed in the Governor's January 2020 budget.
- **Child Support Disregard Pass-Through.** The budget includes \$800,000 (\$300,000 General Fund) for automation changes related to the increased child support disregard. The budget includes trailer bill language that would, effective January 1, 2022, increase the amount of child support passed through to CalWORKs recipients - \$100 for a family with one child and \$200 for a family with two or more children. Under current law, only the first \$50 of child support collected per month is paid to a CalWORKs recipient. The remaining balance of the collected child support goes to local and state governments as reimbursement for provided aid. This change is anticipated to result in an additional \$34 million annually passed-through to approximately 160,000 CalWORKs families, and reduce annual General Fund revenues by \$17 million. See corresponding funding in the Department of Social Services.

**5180 DEPARTMENT OF SOCIAL SERVICES (DSS)**

Overall, the budget approves \$31.7 billion (\$11.6 billion General Fund) for the department. Notable program funding and investments include:

**California Work Opportunity and Responsibility to Kids (CalWORKs).** The budget for the CalWORKs program, including assistance payments, services, administration, and child care, is \$6.3 billion (\$3.1 billion General Fund). Specifically, the CalWORKs budget includes:

- **CalWORKs 60 Month Time Clock.** The budget includes trailer bill language authorizing a single 60-month CalWORKs time limit, effective May 1, 2022, or when the department notifies the Legislature that all necessary automation changes are complete. The bill also eliminates the 24-month limitation on certain welfare-to-work activities, effective May 1, 2022, or when the department notifies the Legislature that all necessary automation changes are complete. The language requires a written notice describing the 60-month time limit and the process by which recipients may claim exemptions or extensions to the time limit. Notification must be given at the time of application, during the recipient's annual redetermination, and at least once after the individual has participated for a total of 54 months, and before the end of the 57th month, that count toward the 60-month time limit. The language makes other conforming changes to the program statute to reflect the 60-month time limit.
- **12-month Continuous Eligibility for CalWORKs Stage One Child Care.** The budget includes trailer bill language clarifying that sanctioned participants can access child care if they have indicated an intent to engage in a program activity or employment, but have not yet participated.
- **CalWORKs Accountability and Outcome Review (Cal-OAR).** The budget includes trailer bill language that makes the Cal-OAR continuous quality improvement components optional to counties during the 2020-21 fiscal year. The language requires the department to provide a summary of executed and pending contracts and grants to implement Cal-OAR on the department website.
- **Child Support Disregard Pass-Through.** The budget includes \$800,000 (\$300,000 General Fund) for automation changes related to the increased child support disregard. The budget includes trailer bill language that would, effective January 1, 2022, increase the amount of child support passed through to CalWORKs recipients - \$100 for a family with one child and \$200 for a family with two or more children. Under current law, only the first \$50 of child support collected per month is paid to a CalWORKs recipient. This change is anticipated to result in an additional \$34 million annually passed-through to approximately 160,000 CalWORKs families, and reduce annual General Fund revenues by \$17 million. See corresponding funding in the Department of Child Support Services.
- **CalWORKs Single Allocation.** The budget includes \$2.4 billion General Fund/Temporary Assistance for Needy Families (TANF) funds for counties' CalWORKs Single Allocation which funds employment services, county administration, Stage One child care, and Cal-Learn. The budget also includes trailer bill language that delays the removal of funding for stage one child care from the Single Allocation until 2021-22.



- **Identity Verification Methods.** The budget includes trailer bill language clarifying that the methods approved by the department as of July 1, 2018, satisfy the requirement for nonbiometric identity verification methods in the CalWORKs program and repeals obsolete sections related to this issue.
- **Cal-Learn Program.** The budget includes trailer bill language that specifies the types of contracts counties may utilize for additional intensive case management models for the provision of services with public or nonprofit agencies or school districts that administer services, including, among others, a home visiting model. The language requires counties to include approved contractors in their planning of the Cal-Learn Program to ensure participation in the county's planning and implementation of the program.
- **CalWORKs Home Visiting Program.** The budget includes a one-time reduction of \$30 million General Fund/TANF funds for the program. The reduction will not affect services for families currently enrolled in the program but will limit the expansion of the program to new families during the 2020-21 fiscal year.
- **Employment Services and Child Care Assumptions.** The budget rejects the Governor's May Revision proposal to revise assumptions about the usage of employment services and child care within CalWORKs to result in an estimated savings of \$665 million General Fund/TANF. The assumptions included in the budget utilize the existing methodology for calculating the utilization of these services.
- **CalWORKs Subsidized Employment Program.** The budget rejects the Governor's May Revision proposal to suspend CalWORKs subsidized employment to result in an estimated savings of \$133 million General Fund/TANF.
- **CalWORKs Childcare Regional Market Rate Reduction.** The budget rejects the Governor's May Revision proposal to reduce CalWORKs childcare funding by \$32.9 million General Fund due to a regional market rate reduction of ten percent.

**CalFresh.** The CalFresh budget includes:

- **CalFresh Simplifications.** The budget includes \$27.5 million General Fund and trailer bill language that makes simplifications to the CalFresh program to help those enrolled retain benefits and those who are eligible to access the program. Simplifications include requiring counties to attempt to make personal contact via telephone or other electronic means before terminating benefits and requiring any discontinuance be rescinded if the necessary information for the semiannual report form is obtained via an acceptable alternative method.
- **Restaurant Meal Program.** The budget rejects the Governor's May Revision proposal to reduce funding for the Restaurant Meal program and includes \$826,000 (\$413,000 General Fund) to administer and expand the Restaurant Meal Program to all 58 counties and 110 community college campuses.
- **CalFresh County Administration Funding.** The budget includes \$178.6 million (\$74.2 million General Fund) to counties for administrative funding for the CalFresh program.

- **CalFresh Application Assistance.** The budget includes \$5 million General Fund to support GetCalFresh.org, a CalFresh application assistance tool.
- **CalFresh Able Bodied Adults without Dependents.** The budget includes provisional language to allow the department to expend up to \$9 million to comply with the federal Able Bodied Adult without Dependents rule.

**Emergency Food and Food Banks.** The budget includes \$639,000 General Fund to support four permanent positions to address workload related to administering state-funded emergency food programs. The budget also includes a total of \$50 million to support food banks in their response to the COVID-19 pandemic.

**Child Welfare Services (CWS).** The budget includes the following related to CWS:

- **Continuum of Care Reform (CCR) Reconciliation.** The budget includes \$2.6 million General Fund to reflect Continuum of Care Reform true-up costs related to county Child and Family Teams expenditures for fiscal years 2016-17 and 2017-18. These funds will go to counties as reimbursements for those expenditures.
- **County Reimbursements for Past Child Welfare Activities.** The budget also includes \$80 million General Fund and provisional language giving the department authority to provide these funds on a one-time basis to county welfare agencies for past child welfare services activities. The department is required to develop, in consultation with the County Welfare Directors Association, a methodology for determining the amount to be provided to each county.
- **Foster Family Agency (FFA) Rates.** The budget includes trailer bill language stating that the Legislature intends that any additional federal funds identified due to the implementation of a social worker time study be applied to offset General Fund appropriated for the cost of the 4.15 percent FFA social worker rate increase in the 2019 Budget Act. The budget also rejects the Governor's May Revision proposal to eliminate the FFA social worker rate increase included in the 2019 Budget Act to result in an estimated savings of \$4.7 million General Fund.
- **Flexibilities for FFAs.** The budget includes trailer bill language that institutes a ratio of one full-time social worker for every 18 children in placement. The language also allows non-social work personnel to complete resource family home health and safety assessments if the assessment is reviewed and approved by a social worker, given those non-social work personnel have a minimum of a bachelor's degree in social work, psychology, or a related field.
- **Family Urgent Response System (FURS).** The budget rejects the Governor's May Revision proposal to eliminate FURS to result in an estimated savings of \$30 million General Fund. The budget also includes trailer bill language that allows for the implementation of FURS before January 1, 2021, as long as counties have established a mobile response system or an alternative method to accept and respond to referrals from the statewide hotline. The implementation of this program will be suspended on December 31, 2021. The suspension will be lifted if the Department of Finance determines that there is sufficient General Fund revenue to support all suspended programs.

- **Flexibilities for County Child Welfare Services Programs.** The budget includes trailer bill language allowing for biennial updates of resource family approvals. For the 2020-21 fiscal year, counties may conduct inspections of supervised independent living placements through methods other than in-person visits.
- **Nonminor Dependent (NMD) Transitional Housing Program Supplement.** The budget includes trailer bill language that, subject to an appropriation in the budget, allows the rates paid for providing services to NMDs to be supplemented with a housing supplement, based on fair market rent. The language requires the department to work with the County Welfare Directors Association and the Statewide Automated Welfare System (CalSAWS) to develop and implement the necessary system changes to implement the housing supplement, which begins on July 1, 2021, for the counties utilizing the CalWIN system, or when the department notifies the Legislature that CalWIN can perform the necessary automation to implement it, whichever is later. It also requires that the supplement begin on September 1, 2022, for the counties utilizing the CalSAWS system, or when the department notifies the Legislature that CalSAWS can perform the necessary automation to implement it, whichever is later. Phased-in funding is included in the Budget Act for this purpose, starting at \$525,000 General Fund for automation costs in 2020-21.
- **Transitional Housing Program-Plus.** The budget includes trailer bill language that permits a county, at its option, to extend the services provided to former foster youth participating in the Transitional Housing Program-Plus as of July 1, 2020, without regard to their age or the length of time they have received services, until June 30, 2021.
- **Extended Foster Care Flexibilities.** The budget includes \$38 million General Fund for (1) an extended foster care benefit assistance payment for any NMD who met eligibility requirements for the Extended Foster Care program, has lost their employment or has experienced a disruption in their education program resulting from COVID-19, and cannot otherwise meet any of the participation requirements, and for (2) an extension of foster care eligibility for NMDs who turn 21 while in extended foster care on or after April 17, 2020, through June 30, 2021, beyond the maximum age in current law.
- **Emergency Caregiver Payments.** The budget includes \$13.4 million General Fund, for the 2020-21 fiscal year, to allow emergency caregiver payments made before placement approval to be provided beyond 120 days and up to 365 days when the delay in approval is outside of county control. The budget also includes trailer bill language to enact this change.
- **Continued Oversight of Psychotropic Medications in Foster Care.** The budget includes \$1 million (\$622,000 General Fund) for ongoing resources to support the monitoring of safe and appropriate usage of psychotropic medication in Short-Term Residential Therapeutic Programs and group homes.
- **Foster Youth Bill of Rights.** The budget includes \$246,000 (\$146,000 General Fund) to implement Assembly Bill 175 (Gipson), Chapter 416, Statutes of 2019.
- **Documents for Dependent Children.** The budget includes \$114,000 (\$80,000 General Fund) to implement Assembly Bill 718 (Eggman), Chapter 438, Statutes of 2019.

- **Los Angeles (L.A.) County Public Health Nursing Early Intervention Program.** The budget includes trailer bill language that requires, before January 1, 2021, and to the extent enabled by existing resources or appropriated funds, the Department of Health Care Services (DHCS), in consultation with L.A. County to determine the steps required to seek any federal approvals necessary to claim federal financial participation for allowable Medicaid activities of the program, and states that the activities of the program shall be implemented only to the extent that DHCS obtains any necessary federal Medicaid approvals.
- **Short-Term Residential Therapeutic Program (STRTP) Rates.** The budget rejects the Governor's May Revision proposal to reduce rates paid to STRTPs by five percent to result in an estimated savings of \$13.3 million General Fund.
- **Level of Care Rates.** The budget rejects the Governor's May Revision proposal to suspend Level of Care rates two through four to result in an estimated savings of \$16 million General Fund.

**Community Care Licensing (CCL).** The budget includes the following related to the CCL program:

- **Facility Management System.** The budget includes \$6.8 million General Fund to procure, configure, and deploy a new facility management system for certification approval and licensing.
- **Quality Oversight Staffing Resources.** The budget includes \$500,000 (\$342,000 General Fund) and three positions to support the out-of-state community care facilities certification unit in the CCL's children's residential program.
- **Notification of Closure of Adult Residential Facilities (ARFs) and Residential Care Facilities for the Elderly (RCFEs).** The budget includes trailer bill language requiring licensees of ARFs and RCFEs to inform the city and county in which the facility is located of a proposed closure or intent to sell the property or business, no later than 180 days before, or as soon as practically possible.

**Supplemental Security Income/State Supplemental Payment (SSI/SSP).** The budget rejects the Governor's May Revision proposal to withhold the federal Cost-of-Living Adjustment to SSI/SSP recipients to result in an estimated savings of \$33.7 million General Fund.

**In-Home Supportive Services (IHSS).** The budget includes the following augmentations related to IHSS:

- **Maintenance-of-Effort (MOE) and Wage Negotiation Workload.** The budget includes \$479,000 (\$240,000 General Fund) to convert three limited-term positions to permanent to address ongoing workload associated with IHSS county MOE efforts and provider wage negotiations.
- **Eliminate Proration of IHSS Protective Supervision Hours for Recipients in the Same Residence.** The budget includes \$15.8 million General Fund to eliminate prorating protective supervision hours for IHSS recipients who are in the same household.

- **Sick Leave Expansion for IHSS Providers.** The budget includes \$26.9 million General Fund to expand paid sick leave to IHSS providers, establish a provider back-up system for IHSS recipients whose provider is sick, and provide pay differential to back-up providers.
- **Sick Day Parity for Waiver Personal Care Services (WPCS) Providers.** The budget includes trailer bill language requiring sick day coverage for WPCS providers who also provide in-home supportive services.
- **Unemployment Compensation Benefits.** The budget includes provisional language allowing funds to be appropriated for unemployment compensation benefits and extended benefits for individuals that provide services in the employ of their parent, child, or spouse through the In-Home Supportive Services program or the Waiver Personal Care Services program. This funding was contingent upon legislation to be enacted in the 2019-20 legislative session providing the necessary statutory changes. However, the associated legislation was vetoed by Governor Newsom, making the provisional language included in the budget unnecessary.
- **IHSS Provider Orientations.** The budget includes trailer bill language requiring counties to provide no less than 10 days notice of provider orientations to the recognized employee organization. The language also requires this advance notice if the orientation is modified from an onsite, in-person orientation, and specifies that prospective providers may, by their own accord, choose not to participate in the recognized employee organization presentation.
- **Savings Related to Timing of Medi-Cal Coverage and the IHSS Residual Program.** The budget adopts \$72.6 million General Fund in savings from avoidance of movement of cases into the IHSS Residual Program due to a temporary loss of Medi-Cal coverage. The approval for the automation of this proposal was deferred with an agreement with the Administration to work together to consider how the automation would work, if IHSS recipients would be harmed by this new policy and clarity around who enters and remains in the Residual Program.
- **IHSS County Administration.** The budget includes a savings of \$12.2 million General Fund to hold IHSS county administration and public authority funding to levels in the 2019 Budget Act.
- **IHSS Reassessments.** The budget includes trailer bill language that gives counties until December 31, 2020, to complete required IHSS assessments that were due between the issuance of Executive Order N-29-20 and June 30, 2020, or were not completed due to the waiver authority outlined in that Executive Order. The language also allows those reassessments to be conducted remotely, subject to federal approval.
- **IHSS Quality Assurance Activities.** The budget includes trailer bill language that permits a county to, until December 31, 2020, request, and the Department of Social Services to approve, a reduction of quality assurance and program integrity activities to address staffing shortages and enable the county to repurpose staff to support critical IHSS administrative functions, including intakes and reassessments. The language also allows counties to conduct these activities remotely, subject to federal approval.
- **IHSS Mandatory Training.** The budget includes trailer bill language that mandates new IHSS caseworkers, caseworker supervisors, quality assurance and program integrity staff, and program

managers receive training within the first six months of employment. It would also require any existing staff who have not had training or completed training before July 1, 2019, to complete a one-day refresher training.

- **Seven Percent Reduction in IHSS Hours.** The budget rejects the Governor's May Revision proposal to reduce IHSS recipient hours by seven percent to result in an estimated savings of \$205 million General Fund.
- **Transfer of Payroll Functions to a Vendor.** The budget rejects the Governor's May Revision proposal to transfer IHSS payroll functions from counties to a vendor to result in an estimated savings of \$9.3 million General Fund.

**Immigration Services.** The budget includes the following augmentations related to immigration services:

- **Immigration and Refugee Programs.** The budget includes \$245,000 General Fund to convert one limited-term position to a permanent position to continue the legal services that have been provided to the Immigration Integration Branch within DSS.
- **Immigration Services Operation Support.** The budget includes \$551,000 General Fund for permanent resources to support new and ongoing expanded immigration programs and interdepartmental immigration integration efforts.

**Other Adjustments.** The budget approves various other augmentations to the DSS budget, including:

- **Transition of Child Care Programs.** The budget creates the Early Childhood Development Act which transfers all child care programs, except for the California State Preschool Program, from the Department of Education to the Department of Social Services, commencing July 1, 2021. Also, the budget establishes the position of Deputy Director of Child Development within the Department of Social Services, to be appointed by the Governor and confirmed by the Senate. The Department of Social Services, in consultation with the Department of Education, is required to provide a report detailing the transition and planning efforts by March 31, 2021, and provide quarterly updates from October 1, 2020, to December 31, 2024.
- **State Hearings Workload.** The budget includes \$1.6 million General Fund to support 20 positions and additional video hearing equipment to address increased workload associated with program changes and increased case complexity.
- **Civil Rights Unit.** The budget includes \$430,000 (\$196,000 General Fund) to create a Technical Assistance Unit dedicated to the development and implementation of timely, frequent, and regular technical assistance and training to county welfare directors administering department-funded programs, as well as greater internal department coordination around program accessibility.
- **Housing and Homelessness Programs Operations Support.** The budget includes \$1.3 million General Fund for eight permanent positions to administer the newly expanded Housing and Disability Advocacy Program (HDAP) as well as other housing and homelessness efforts within the department.

- **HDAP Reappropriation.** The budget bill includes provisional language to allow for the reappropriation of unexpended funds for the HDAP.
- **Office of Tribal Affairs.** The budget includes \$221,000 (\$136,000 General Fund) to support one permanent position to address the growing workload associated with new state and federal Indian Child Welfare Act regulations and tribal engagement mandates outlined in state and federal regulations.
- **Immigrant Justice Fellowship Program.** The budget rejects the Governor’s May Revision proposal to remove funding for the Immigrant Justice Fellowship program provided in the 2019 Budget Act.
- **Youth Civic Engagement Initiative.** The budget rejects the Governor’s May Revision proposal to remove funding for the Youth Civic Engagement Initiative provided in the 2019 Budget Act.
- **Protecting Data and Systems.** The budget includes \$1 million General Fund to support six permanent positions to enhance the department’s Information Security and Privacy Program.
- **Statewide Verification Hub.** The budget approves \$774,000 (\$295,000 General Fund) for the planning and implementation of the Statewide Verification Hub. The Statewide Verification Hub is an agency-wide information technology solution that will improve California families’ access to services by streamlining and modernizing processes.
- **Child Welfare Services – California Automated Response and Engagement System.** The budget includes provisional language to revert available funding where it does not reduce or eliminate programs and approves a technical change related to the system.
- **COVID-19 Public Awareness and Community Outreach.** The budget includes \$30 million General Fund for the department to carry out outreach efforts prioritizing communities and economic sectors that are disproportionately impacted by the COVID-19 virus.

### **Human Services Budget Trailer Bills**

1. *Human Services – Assembly Bill 79 (Committee on Budget), Chapter 11, Statutes of 2020.*

SUBCOMMITTEE 4  
ON  
STATE ADMINISTRATION  
AND  
GENERAL GOVERNMENT

Senate Committee on Budget and Fiscal Review

*Members*

Anna Caballero, Chair  
Maria Elena Durazo  
Jim Nielson

*Consultants*

James Hacker  
Anita Lee  
Yong Salas  
Joe Stephenshaw  
Meron Tesfaye



# SUBCOMMITTEE No. 4

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## STATE ADMINISTRATION

### 0511 OFFICE OF THE SECRETARY, GOVERNMENT OPERATIONS AGENCY (GovOps)

- **Funding Realignment.** The budget realigns \$252,000 between the General Fund and Reimbursements and authority to make annual baseline workload adjustments. This realignment of funding will allow GovOps to accurately charge the departments, boards, and offices GovOps oversees for the services provided to them.
- **Workload Adjustment.** The budget provides three new positions and reclassification of two existing positions, with \$286,000 General Fund and \$450,000 Reimbursements in 2020-21 and ongoing to fund and manage existing and new workload and increased lease costs. The new positions include: (1) a permanent transfer of a Staff Services Manager I from the Franchise Tax Board, (2) an Agency Information Officer, and (3) an Assistant Secretary for Communications. Two positions will be reclassified to: (1) a Chief Data Officer, and (2) a legal secretary. Additionally, \$125,000 is provided for increased rental costs. Supplemental reporting language was also adopted for the interagency data exchange agreement repository.

### 0845 DEPARTMENT OF INSURANCE

- **Enhanced Fraud Investigation and Prevention (Fraud Data Analytics/eDiscovery).** The budget includes \$840,000 General Fund in 2020-21 to support the Fraud Data Analytics Software and the eDiscovery Software-as-a-Service solution. These systems will be used for enhanced fraud investigation and prevention efforts in civil whistleblower cases that are associated with California's Insurance Fraud Prevention Act.
- **Rent Increases.** The budget includes \$1.8 million Insurance Fund in 2020-21 and ongoing for increased rental costs.
- **Workers' Compensation Fraud Program.** The budget includes \$3.5 million Insurance Fund in 2020-21 and ongoing, to fund workers' compensation fraud investigation and prosecution workload increases. This increase is consistent with the increased assessment approved by the Governor-appointed Fraud Assessment Commission on September 11, 2019.

### 0890 SECRETARY OF STATE

- **Funding for the 2020 General Elections.** The budget includes funding to prevent, prepare for, and respond to the impacts of COVID-19. The funding is comprised of:
  - \$35 million General Fund.
  - \$36.5 million from the federal CARES Act.
  - \$29 million from the federal Consolidated Appropriations Act of 2020.

- Prior allocated funds to local governments for voter system replacement. Trailer bill language was also included to make this source of funds available for use in the November 2020 elections.
- **HAVA Spending Plan.** The budget includes \$11 million in federal funds to continue implementation of statewide mandates of the federal Help America Vote Act of 2002.
- **HAVA VoteCal.** The budget includes \$9.7 million in one-time federal funds to cover the maintenance and operations and support for security enhancements for the VoteCal statewide voter registration system.
- **California Automated Lobbying and Campaign Contributions and Expenditure Search System (CAL-ACCESS) Replacement System Project.** The budget includes \$13.4 million General Fund and \$700,000 from the Political Disclosure, Accountability, Transparency, and Access Fund for 2020-21 to continue implementation of the CAL-ACCESS Replacement System project.
- **California Business Connect Project.** The budget includes \$13.4 million from the Business Fees Fund and \$1.5 million from the Business Programs Modernization Fund, for a total of \$14.9 million in spending authority, to continue implementation of the California Business Connect project.
- **Domestic Partnerships (SB 30).** The budget includes \$94,000 in 2020-21 and \$85,000 in 2021-22 and ongoing from the Business Fees Fund for workload anticipated by SB 30 (Wiener), Chapter 135, Statutes of 2019, relating to domestic partnerships filed with the Secretary of State.
- **Vote Centers (SB 450).** The budget includes \$464,000 three-year limited term annual funding from the Voting Systems, Security Measures, and Elections Administration Special Deposit Fund to continue to implement and administer the provisions set for in SB 450 (Allen), Chapter 832, Statutes of 2016.
- **Cannabis Filings and Trademark Workload.** The budget includes \$448,000 ongoing from the Business Fees Fund to continue support for three existing positions dedicated to cannabis-related business filings and trademark registration workload.
- **Records Management Coordinator (AB 469).** The budget includes \$63,000 General Fund to permanently establish one position for the Records Management Coordinator training and tracking workload anticipated by the enactment of AB 469 (Petrie-Norris), Chapter 302, Statutes of 2019.
- **Increasing Civic Engagement of California's Public Postsecondary Institutions (AB 963).** The budget includes \$126,000 General Fund for one full-time position to support the management and implementation of the Students Vote Project, which works to empower and engage California's university and college students in the democratic process.

- **Elections Printing Requirements and Ballot Design (AB 623).** The budget includes \$50,000 annually for the next two years from the General Fund to assist in the implementation of AB 623 (Berman), Chapter 863, Statutes of 2019.
- **Voter Language Preference on Voter Notification Cards and Vote by Mail Applications (AB 1391).** The budget includes \$150,000 General Fund for increased production costs of voter notification cards and to incorporate new language on the printed and uniform electronic vote-by-mail applications.

#### 1045 CANNABIS CONTROL APPEALS PANEL

- **Cannabis Control Appeals Panel Operations.** The budget provides \$3 million Cannabis Control Fund and 13 positions to the Cannabis Control Appeals Panel. Trailer bill language also limits the residency requirement that each of the Governor's appointment be residents of a different county at the time of their appointment to Cannabis Appeals Panel.

#### 1111 DEPARTMENT OF CONSUMER AFFAIRS

- **Continued Implementation of Cannabis Licensing and Enforcement Activities.** The budget includes \$68.2 million Cannabis Control Fund and 42 positions to continue cannabis licensing and enforcement activities, as well as make improvements to enforcement including, but not limited to, shifting sworn investigators from the Division of Investigations to the Bureau of Cannabis Control.
- **Board of State and Community Corrections Grants to local governments.** The budget prohibits the Board of State and Community Corrections from making grants to local government that ban both indoor and outdoor commercial cannabis cultivation or that ban the retail sale of cannabis or cannabis products.
- **BreZE System Maintenance and Credit Card Funding.** The budget provides \$11.5 million special funds in 2020-21 and \$10.6 million 2021-22, a total of a two-year period, for the continued support of BreZE Maintenance and Operations. This request reflects a reduction of six existing positions.
- **Board and Bureau Workload.** The budget provides augmentations for the following boards and bureaus:
  - *Arbitration Certification Program* – Provides \$50,000 in 2020-21 and ongoing to fund travel costs to conduct onsite inspections of each qualified third-party dispute resolution process for auto manufacturers at least twice a year.

- *Bureau of Security and Investigative Services & Private Security Services* – Provides \$168,000 in 2020-21 and \$160,000 ongoing for one position to establish proper management to staffing ratios. Currently, the Bureau’s management structure is comprised of a 11:1 manager to staff ratio which is not in line with the California Department of Human Resources’ recommendation of three to five staff members per manager.
- *Physician Assistant Board* – Provides \$484,000 in 2020-21 and \$410,000 ongoing for four positions to address enforcement functions that are currently being performed by the Medical Board of California. The Board believes it is prudent to take ownership of this workload to provide a more efficient process for the Board.
- *Bureau for Private Postsecondary Education* – Provides \$1,300,000 in 2020-21 and 2021-22 for ten positions to maintain and conduct the statutory duties of the Office of Student Assistance and Relief (OSAR). There were additional schools that closed unexpectedly since OSAR was created in 2018 which has created additional unforeseen workload.
- *Board of Psychology* – Provides \$110,000 in 2020-21 ongoing for one position to address increased backlogs and delays with its renewal applications, license verifications, and file transfers.
- *Speech Language Pathology and Audiology and Hearing Aid Dispensers Board* – Provides \$244,000 in 2020-21 and ongoing for two positions to address workload in its Licensing and Enforcement programs.
- *Bureau of Automotive Repair - High Polluter Repair and Removal Account (HPRRA) and Enhanced Fleet Modernization Program (EFMP)* – Provides \$9.5 million in 2020-21 and ongoing for the HPRRA to address an increase in the number of vehicles that are retired through a failed smog check inspection. The Bureau also requests a reduction of \$7.5 million in 2020-21 and ongoing for the EFMP to align its current scheduled appropriation to the decrease in the number of vehicles retired through the Off-Cycle Vehicle Retirement option. Consumers may retire their vehicle if it meets certain requirements outside the bi-annual smog check inspection schedule.
- *Physical Therapy Board of California* – Provides \$20,000 in 2020-21 and ongoing to meet increased volume workload of the probation monitor within the Board’s Enforcement program. Additionally, the Board requests \$117,000 in 2020-21 and ongoing for one position to adopt and administer a program of education in matters relevant to the regulation of physical therapy.
- *California State Board of Pharmacy* – Provides \$411,000 in 2020-21 and ongoing for four positions to augment the Board’s directive to complete inspections of all facilities annually and to address a need for increased clerical support in the Board’s Licensing Unit. The Board also requests \$279,000 in 2020-21 and \$263,000 ongoing for two positions to create a stand-alone Probation Unit, along with existing staff, to monitor and maintain consumer protection, while working effectively with those licensees participating in the probation and the Pharmacist Recovery Program. Lastly, the Board requests \$186,000 in 2020-21 and \$178,000 ongoing for one position to effectively manage administrative functions, review legislation, and regulations.

- *Board of Behavioral Sciences* – Provides \$73,000 in 2020-21 and ongoing for one position to transition a permanent intermittent position that has historically been filled to promulgate regulations, assist in website and form revisions, particularly ADA accessibility.
  - *Veterinary Medical Board* – Provides \$898,000 in 2020-21 and \$850,000 ongoing for six positions to address increased workload in the Board’s Enforcement program. Since veterinary hospital inspections have been mandated, the Board has received and opened a significant amount of complaints as a result of the mandated hospital inspections.
  - *Board of Vocational Nursing and Psychiatric Technicians* – Provides \$242,000 in 2020-21 and ongoing for two positions to address the escalating workload and reduce significant delays in business processing times in the Education, Licensing, and Administrative Support Services programs.
  - *California Board of Occupational Therapy* – Provides \$228,000 in 2020-21 and ongoing for 2.5 positions to address an increase in workload in its Licensing and Enforcement programs.
  - *Registered Dispensing Opticians (RDO)* – Provides \$106,000 one-time in 2020-21 to fund and conduct an occupational analysis of the RDO’s national examination.
- **Business Modernization Continued Implementation.** The budget provides one-time \$5.2 million in 2020-21 to fund system integration, credit card services, software licensing, project management, project oversight costs, and staffing for project activities.
  - **Facilities Operations Funding Augmentation.** The budget provides \$3.6 million in 2020-21 and ongoing to address increased rent costs due to various factors, including rent increases, new lease agreements at the new market rate, and increased space needs over the past several fiscal years.
  - **Controlled Substance Utilization Review and Evaluation System.** The budget includes an augmentation \$1.6 million reimbursement authority from the CURES Fund by the Department of Justice to implement AB 528. The budget also included a fee increase that increased the CURES fee from \$6 to \$11 until 2022-23, and will decrease to \$9 thereafter. This item is also reflected in the budget for the Department of Justice.
  - **Organizational Change Management Process Improvement.** The budget provides three-year limited term resources of \$894,000 in 2020-21 and \$840,000 in 2021-22 and 2022-23 for five positions to continue conducting Business Analytics and Organizational Change Management activities at its 37 business and professional licensing entities and its Central Service Divisions.
  - **Increased Workload Related to Health Care Practitioners and Unprofessional Conduct – Medical Board (SB 425).** The budget provides \$824,000 in 2020-21 and ongoing funding, and 4.5 Investigator positions to implement the provisions associated with SB 425 (Hill), Chapter 849, Statutes of 2019.

- **Legislative Workload.** The budget provides additional resources for the following boards and bureaus to meet ongoing permanent workload or other operational needs beginning in 2020-21 and ongoing as a result of AB 2138 (Chau), Chapter 995, Statutes of 2018:
  - *Bureau of Security and Investigative Services & Private Security Services* – Provides \$150,000 in 2020-21 and \$142,000 ongoing, and one position to address increased workload as a result of AB 2138. Among other things, this position will serve as a subject matter expert on AB 2138 requirements to assist and train other staff, conduct the more complex reviews of criminal histories; and track and compile required data to complete the annual report for the Legislature.
  - *Contractors State License Board* – Provides \$473,000 in 2020-21 and \$457,000 ongoing, and two positions to address increase workload in the Board’s licensing functions as a result of AB 2138.
  - *Dental Board of California* – Provides \$110,000 in 2020-21 and \$102,000 in 2021-22 and ongoing, and one position to address the additional workload in implementing the mandates of AB 2138 and to enable the Dental Board of California to continue to process applications in a timely manner.
- **Information Technology Classification Consolidation Augmentation.** The budget provides resources to help the Department’s Office of Information Services and the Contractor’s State License Board to cover the costs of transitioning from outdated information technology (IT) classification series to the new IT classification series. The Office of Information Services was authorized for \$401,000 in 2020-21 and ongoing, and the Contractor’s State License Board was authorized for \$124,000 in 2020-21 and ongoing.
- **Increased Workload Related to Health Care Practitioners and Unprofessional Conduct – Investigation and Enforcement Unit (SB 425).** The budget provides \$205,000 in 2020-21 and ongoing funding, and one Investigator position to implement the provisions associated with SB 425.
- **Board and Bureau Fee Increases.** The budget provides statutory fee increases for the Board of Behavioral Sciences, California Acupuncture Board, and the Podiatric Medical Board.
- **Control Section 14.00 Special Funds to other Special Funds.** The budget authorizes loans from special fund to special fund, pursuant to Control Section 14.00:
  - \$5.5 million loan from the Vehicle Inspection and Repair Fund to Private Postsecondary Education Admin Fund.
  - \$8 million loan from the Vehicle Inspection and Repair Fund to Contingent Fund of the Medical Board of CA.
  - \$3.5 million loan from the Vehicle Inspection and Repair Fund to Contractors License Fund.



- **Special Fund Loans to the General Fund.** The budget authorizes several loans from various special funds to the General Fund:
  - \$25 million from the Barbering and Cosmetology Contingent Fund.
  - \$900,000 from the Psychology Fund.
  - \$30 million from the Vehicle Inspection and Repair Fund.
  - \$60 million from the High Polluter Repair or Removal Account.
  - \$10 million from the Accountancy Fund.
  - \$5 million from the State Dentistry Fund.
  - \$30 million from the Board of Registered Nursing Fund.
  - \$2.4 million from the Pharmacy Board Contingent Fund.
  - \$3.4 million from the Enhanced Fleet Modernization Subaccount, High Polluter Repair or Removal Account.

## 1750 CALIFORNIA HORSE RACING BOARD

- **Horse Racing Safety Panel.** The budget provides \$166,000 Horse Racing Fund in 2020-21, growing to \$890,000 in 2023-24 and ongoing to implement the enhanced safety procedures, phased-in over four years, at tracks across the state. Review panels will examine the horses' past performances and medical histories, and perform physical examinations at the tracks. The additional resources will also allow California Horse Racing Board staff to thoroughly investigate all equine fatalities in a timely manner.
- **Equine Analytical Chemistry Laboratory Funding.** The budget provides \$1.3 million Horse Racing Fund in 2020-21 and \$1.4 million in 2021-22 and \$1.5 million in 2022-23, 2023-24 and 2024-25 and ongoing to support the increased contract costs related to employee compensation increases, more stringent testing equipment requirements, and changes in the methodology and scope of equine drug testing at the Equine Analytical Chemistry Lab.

## 2100 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

- **Business Modernization Project and Responsible Beverage Service.** The budget includes \$3.1 million Alcohol Beverage Control Fund and six positions to provide the capacity and resources to implement the Responsible Beverage Service Training Act, established in AB 1221 (Cooley, Mathis and Reyes), Chapter 847, Statutes of 2017, and to provide electronic payment services. These resources will introduce new online functionality for electronic payments, enable online applications for new licenses and renewals, electronic notification of application status or renewal notices, and provide a database of certificates of alcohol servers in compliance with AB 1221.
- **Facilities Rent Increases.** The budget provides \$576,000 Alcohol Beverage Control Fund in 2020-21, \$770,000 in 2021-22, and \$879,000 in 2022-23 and ongoing to cover increased facilities costs due to various factors including annual rent increases and renegotiation of several expiring leases at the current market rate.

**2120 ALCOHOLIC BEVERAGE CONTROL APPEALS BOARD**

- **Align Resources with Programmatic Needs.** The budget provides \$129,000 Alcoholic Beverage Control Appeals Fund in 2020-21, and \$172,000 in 2021-22 and ongoing, to align the Board's expenditure authority with increased personal services and operating expenses and equipment costs.

**7502 DEPARTMENT OF TECHNOLOGY (CDT)**

- **California Cybersecurity Integration Center.** The Budget includes three year limited-term funding of \$1.3 million General Fund from 2020-21 through 2022-23 to support additional capacity within the California Cybersecurity Integration Center, consistent with the requirements of Government Code section 8586.5. This funding is part of a larger proposal and a collaborative effort between the Department of Technology, Office of Emergency Services, California Military Department, and the California Highway Patrol.
- **Workload Increase.** The budget provides four positions and \$706,000 General Fund in 2020-21 and ongoing to augment staffing levels within CDT's Office of Enterprise Technology, Office of Legal Services, and the Legislative Office. These additional resources are necessary to comply with mandates legislated in AB 434 (Daly), Chapter 780, Statutes of 2018.
- **Statewide Endpoint Protection Platform.** The budget provides \$2.5 million special funds in 2020-21 to significantly enhance the State's security infrastructure by implementing contemporary Endpoint Protection Platform licensing for more than 60 state entities that have not transitioned from traditional antivirus solutions.
- **Statewide Technology Procurement Level of Service.** The budget provides an augmentation of three positions and \$472,000 Technology Services Revolving Fund in 2020-21 and ongoing to implement innovative Information Technology procurement methodologies related to complex and high-risk IT projects as well as address increased IT and telecommunication procurement workload, enhanced procurement development engagement methodologies, and the number of IT Projects increasing in complexity and duration.

**7760 DEPARTMENT OF GENERAL SERVICES (DGS)**

- **Sacramento Region Capital Outlay Projects.** The Governor's January Budget proposed funding for three capital outlay projects in the Sacramento region which were withdrawn with the May Revision. These include:
  - \$183.6 million for the Gregory Bateson Building Renovation.
  - \$116.8 million for the Jesse Unruh Building Renovation.
  - \$421.3 million for the Resources Building Renovation.

The Legislature approved the withdrawal of these proposals.

- **State Project Infrastructure Fund.** The budget transfers \$754.2 million from the State Project Infrastructure Fund to the General Fund.
- **Facilities Management Division Elevator Deferred Maintenance.** The budget provides \$42.2 million one-time General Fund in fiscal year 2020-21 to address critical safety issues relating to conveyance systems including elevator repairs in buildings owned and operated by DGS.
- **Facilities Management Division Fire Alarm System Deferred Maintenance.** The budget provides \$23.6 million one-time General Fund in fiscal year 2020-21 to repair or replace fire alarm systems in seven state buildings owned and operated by DGS.
- **Electric Vehicle Service Equipment Assessments and Infrastructure.** The budget provides a one-time budget augmentation of \$23.4 million in Service Revolving Fund (SRF) authority. DGS also requests one permanent position in 2020- 21 to continue performing assessments for the installation of Electric Vehicle Service Equipment (EVSE) at state-owned and leased facilities
- **Contracted Fiscal Services Workload Increase.** The budget provides \$2.28 million in additional authority comprised of the following funds: Central Services Cost Recovery Fund, General Fund, and Service Revolving Fund. Additionally, the budget provides 15 positions to provide accounting services for four new client agencies and establish a strike team to consult and assist other state agencies with their accounting.
- **California Commission on Disability Access.** The budget provides two permanent positions and a permanent budget augmentation of \$700,000 from the General Fund beginning in 2020-21 to align budget authority with necessary personal services and operating expenses.
- **Office of Administrative Hearings Cannabis Workload.** The budget provides a three-year limited-term extension of \$11.452 million in existing SRF expenditure authority for cannabis administrative hearings workload.
- **California Pharmaceutical Collaborative Local Outreach.** The budget provides four permanent positions and a three-year limited-term appropriation from the SRF of \$723,000 beginning in fiscal year 2020-21 to support the workload for the Statewide Pharmaceutical Program's Local Governmental Outreach Project and Member Agency responsibilities for the California Pharmaceutical Collaborative (CPC). The Legislature also adopted supplemental reporting language to track savings by local governments.
- **Statewide Emergency Management Functions.** The budget provides \$295,000 in ongoing SRF expenditure authority and two permanent positions to support the increased demand for departmental and statewide emergency management functions.

- **Toxic Substances Control Account Appropriation for Government Claim Payment.** The budget provides a one-time appropriation of \$25,000 from the Toxic Substances Control Account to pay the settlement amount associated with the release of a hazardous substance.
- **Enterprise Technology Solutions Permanent Positions.** The budget provides nine positions to be established in 2020-21 to support DGS' information technology security, privacy, and enterprise application management. The positions needed consist of one Information Technology (IT) Specialist II and eight IT Specialist I positions.
- **Funding for Unreimbursed Camp Fire Expenditures.** The budget reimburses DGS by \$11.7 million for costs incurred in response to the Camp Fire. These costs were incurred as late as February 2020 for clean-up and other activities.
- **Real Estate Services Division Implementation of SB 6 and AB 1255.** The budget provides \$1,307,000 General Fund in 2021-22, \$794,000 General Fund in 2022-23 and 2023-24, and \$208,000 General Fund ongoing. DGS also requests five permanent positions effective fiscal year 2021- 22 to manage workload associated with the implementations of SB 6 (Beall and McGuire), Chapter 667, Statutes of 2019 and AB 1255 (Robert Rivas and Ting), Chapter 661, Statutes of 2019, which require the identification of properties throughout the state that could be used for housing.
- **Special Fund Loans to the General Fund.** The budget authorizes several loans from various special funds to the General Fund:
  - \$35 million from the Disability Access Account.
  - \$35 million from the Public School Planning, Design, and Construction Review Revolving Fund.
  - \$7.4 million from the Building Standards Administration Special Revolving Fund.

## 7870 CALIFORNIA VICTIM COMPENSATION BOARD

- **Restitution Fund.** The budget provides a \$23.5 million General Fund backfill to the Restitution Fund, and also includes provisional language to allow the Director of Finance to transfer additional General Fund if necessary, upon notification to the Joint Legislative Budget Committee.

## 8940 CALIFORNIA MILITARY DEPARTMENT

- **California Cybersecurity Integration Center.** The Budget includes three year limited-term funding of \$1.2 million General Fund from 2020-21 through 2022-23 to support additional capacity within the California Cybersecurity Integration Center, consistent with the requirements of Government Code section 8586.5. This funding is part of a larger proposal and a collaborative effort between the California Military Department, Office of Emergency Services, the Department of Technology, and the California Highway Patrol.

- **State Active Duty Compensation Adjustment.** The budget provides \$81,000 General Fund and \$27,000 federal funds to align the pay of its State Active Duty employees to the pay of service members of similar grade in the United States Army, United States Air Force, and United States Navy.
- **Relocation to New Consolidated Headquarters.** The budget extends the liquidation period for the performance criteria phase of the Consolidated Headquarters Complex project. The performance criteria phase was funded in the 2016 Budget Act (\$6.9 million General Fund), and performance criteria were approved in May 2017. However, contracts related to performance criteria validation and building commissioning testing remain open due to unforeseen delays in achieving final regulatory approval. The liquidation period ended on June 30, 2019, which did not allow sufficient time to complete the validation and building commissioning testing tasks associated with these contracts. The liquidation date is extended to June 30, 2021, to ensure funding remains available to pay outstanding invoices and to close these existing contracts.
- **Lathrop-Roth Training Complex: Utilities Connection.** The budget provides a one-time expenditure authority of \$1.8 million General Fund in 2020-21 to upgrade utility systems at the Lathrop-Roth Training Complex. The funding will be used to complete connection of sewer, water, and electrical systems on the training base to the City of Lathrop's municipal utility infrastructure.
- **CMD State Network.** The budget provides nine permanent positions and \$3.9 million General Fund (\$2.8 million ongoing and \$1.1 million one-time) to develop, implement, manage, and maintain the CMD State Network. The funds will allow the department to successfully support state interdepartmental efforts during statewide emergencies and initiatives.
- **Los Alamitos: National Guard Readiness Center – Reappropriation.** The budget reappropriates \$26.8 million General Fund for the construction phase of the Los Alamitos: National Guard Readiness Center project due to delays in the federal review process. Total estimated project costs are: \$28.9 million (\$200,000 for acquisition, \$570,000 for preliminary plans, \$1.2 million for workings drawings, and \$26.8 million for construction).

#### **8955 DEPARTMENT OF VETERAN AFFAIRS (CalVet)**

- **Care Staffing and Operations.** The budget provides an augmentation of \$7.3 million General Fund and two positions in 2020-21 and ongoing to address challenges in the Veterans Home of California, including rising operational costs in areas that include, but are not limited to, maintenance, medical contracts, utilities, and dietary and pharmaceutical supplies; physician staffing needs; and operational oversight staffing needs. Existing shortfalls in these funding areas directly impact the health and welfare of the Veterans Homes of California members and the effectiveness of clinical and non-clinical operations.

- **Strategic Realignment and Mental Health Support.** The budget provides an augmentation of \$1.1 million General Fund and 5.5 positions in 2020-21 and ongoing to realign levels of care in the Veterans Homes and to improve behavioral health services. These changes are necessary to meet current and future programmatic and healthcare needs as outlined in the 2020 Veterans Homes of California Master Plan.
- **FI\$Cal Workload.** The budget provides an augmentation of \$1 million (\$1 million General Fund and \$32,000 Farm and Home Building Fund of 1943) and nine positions in 2020-21 and ongoing to address the increased workload related to the Financial Information System for California which the Department implemented on July 1, 2018. The request also includes upgrades to two existing positions due to the increase in complexity of the new system.
- **CalVet Electronic Health Record Project.** The budget provides a one-time augmentation of \$1.2 million General Fund in 2020-21 for the first year of implementation of a new long-term care electronic health record system in the Veterans Homes of California and Headquarters.
- **Legal Affairs and Investigation Division Staffing.** The budget provides authority for two positions annually to establish a permanent Investigation Section and provide additional legal staff positions needed to staff the Legal Affairs Division to meet current workload demands.
- **Funding for the California Central Coast Veterans Cemetery Phase II.** The budget provides \$356,000 General Fund and 2.4 positions in 2020-21 and \$416,000 and three positions annually thereafter for Phase II of the California Central Coast Veterans Cemetery.
- **Cemetery Staffing.** The budget provides an augmentation of \$127,000 General Fund and one position in 2020-21 and \$121,000 General Fund and one position annually thereafter for operational requirements at the three California Veterans Cemeteries.
- **Veterans Homes of California, Yountville: Skilled Nursing Facility.** The budget provides \$317 million from the Public Buildings Construction Fund to proceed with the Design-Build phase for a new Skilled Nursing Facility at the Veterans Home of California-Yountville (VHC-Yountville). The approximately 285,000 square foot facility will house 240 skilled nursing beds and will be constructed on the VHC-Yountville campus. The USDVA has accepted CalVet's pre-application and CalVet is actively working on documents to meet award requirements for federal funds.
- **Veterans Home of California, Yountville: Steam Distribution System Renovation.** The budget provides \$17.4 million (\$7.8 million Public Building Construction Fund and \$9.5 million Federal Funds). This project includes the renovation of the existing steam distribution system, which provides heating, cooling, and domestic hot water throughout the campus. The project is expected to begin construction in November 2020 and be completed by January 2023.

- **Southern California Veterans Cemetery.** The Governor’s January Budget proposed \$700,000 from the Southern California Veterans Cemetery Master Development Fund to complete feasibility studies of two potential sites located in the City of Irvine. The May Revision withdrew this proposal, and also proposed to shift \$24.5 million from the fund to the General Fund. The Legislature rejected the May Revision proposal, and approved the \$700,000 from the Southern California Veterans Cemetery Master Development Fund to continue with the feasibility studies.
- **Veterans Home of California, Barstow.** The Governor’s May Revision proposed to close the Veterans Home of California, Barstow for a long-term savings of \$14 million General Fund. The Legislature rejected this proposal, and required a transition plan from CalVet by February 2021 informed by three stakeholder meetings.

### **General Government Trailer Bills**

1. *Cannabis – Assembly Bill 1872, (Committee on Budget), Chapter 93, Statutes of 2020.*
2. *Department of Consumer Affairs: boards, licensees: regulatory fees – Assembly Bill 3330 (Calderon), Chapter 359, Statutes of 2020.*
3. *General Government - Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*

# STATE FINANCE AND MANAGEMENT

## 0110/0120 LEGISLATURE

**State Appropriations Limit (SAL) Adjustment.** The budget includes the Legislative SAL adjustment, applying the growth factor of 3.62 percent consistent with the Constitution.

## 0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

**California Business Investment Services Regional Specialists.** The budget includes \$758,000 General Fund and four positions to provide business development support for underserved regions.

**Small Business Assistance.** The budget includes \$50 million to support the Infrastructure and Economic Development Bank's (IBank) Small Business Finance Center to support its guarantee programs that provide financial assistance needed by small businesses and will contribute to the long-term recovery of California's economy.

**Small Business Assistance.** The budget includes \$25 million for the IBank to expand underserved small business lending in the state by establishing funds to support California Community Development Financial Institutions and mission based lender liquidity and thus increase their capacity to lend to California's underserved communities.

**Small Business Assistance.** The budget includes trailer bill language that authorizes IBank's board to establish one or more programs administered by the bank directly, in conjunction with financial companies or financial institutions, in direct or indirect participation with special purpose entities established for small business finance or under contract with small business financial development corporations.

**Small Business Assistance.** The budget includes trailer bill language that authorizes IBank's board to establish any and all programs pursuant to the Small Business Financial Assistance Act of 2013 and other provisions of law, as specified, that it determines necessary or desirable to directly or indirectly assist small businesses obtain capital.

**Infrastructure and Economic Development Bank Workload Increases.** The budget includes three positions to accommodate workload increases for IBank programs and the support areas of external affairs, fiscal unit, and compliance unit.

**Infrastructure and Economic Development Bank Bond Capacity.** The budget includes trailer bill language that limits the total amount of rate reduction bonds and bonds issued to finance public development facilities that may be outstanding at any one time to \$15 billion. Currently, the limit for rate reductions bonds is \$10 billion and the limit for bonds to finance public development is \$5 billion. This change does not increase the total authority; rather it combines the limits allowing for more flexibility between the categories.



**California Film Commission Baseline Cost Increases.** The budget includes \$198,000 to support baseline cost increases of the commission.

**Film and Television Tax Credit TBL.** The budget includes trailer bill language that extends the existing carry over period of the prior version of the film and television tax credit (Film and TV Credit 2.0) from six taxable years to nine taxable years.

#### **0840 STATE CONTROLLER'S OFFICE (SCO)**

**California State Payroll System Project.** The budget includes \$3.5 million (\$1.97 million General Fund and \$1.5 million other funds) and eight positions to support the project through continuation of the California Department of Technology Project Approval Life Cycle.

**California Automated Travel Expense Reimbursement System.** The budget includes \$3.1 million (\$1.8 million General Fund and \$1.3 million other funds) and 14.5 positions to procure and prepare a new information technology solution for statewide rollout, including the initial build and interface testing, and developing organizational change management plans and training materials.

**Other Post-Employment Benefits (OPEB) Deduction Workload.** The budget includes \$898,000 (\$512,000 General Fund and \$386,000 other funds) and seven positions to support employment history, payroll, other functions related to OPEB automation.

**Property Tax Postponement (PTP) Program - Continuing Positions and AB 133 Workload.** The budget includes \$540,000 special funds to support three positions for the continued administration of the Property Tax Postponement Program and one position for the increased workload related to AB 133 (Quirk-Silva), Chapter 794, Statutes of 2019. SCO had limited-term funding for three of these positions, which expired on June 30, 2020.

#### **0860 BOARD OF EQUALIZATION**

**Nonresidential Solar Energy Systems.** The budget includes trailer bill language to reclassify a nonresidential active solar energy system as personal property rather than real property, as previously defined, and redefine real property to include residential property and improvements but excludes personal property from this definition. These provisions become operative only if the Schools and Communities First (Section 2.5) ballot initiative measure is added to Article XIII A of the California Constitutions at the November 3, 2020 statewide general election.

#### **0950 STATE TREASURER'S OFFICE (STO)**

**Legislative Unit Staff Augmentation.** The budget includes \$148,000 and one position to address the increasing workload of legislative priorities for the STO, as well as the Boards, Commissions and Authorities under the purview of the Treasurer.

**0954-0989 STATE TREASURER'S BOARDS, COMMISSIONS AND AUTHORITIES**

**California Debt Limit Allocation Committee - Staff Augmentation to Accommodate Growth in Workload.** The budget includes \$715,000 and four positions to address increased applications.

**California Debt Limit Allocation Committee - Loan from California Debt Limit Allocation Committee Fund.** The budget includes a loan of \$4 million from the California Debt Limit Allocation Committee Fund to the General Fund.

**California Tax Credit Allocation Committee - Development and Compliance Section Augmentation.** The budget includes \$1.4 million special funds and eight positions to administer the Low Income Housing Tax Credit.

**California Tax Credit Allocation Committee - State Tax Credit Program Expansion.** The budget includes \$649,000 and three positions to extend existing limited-term positions.

**California Tax Credit Allocation Committee - Loan from Occupancy Compliance Monitoring Account.** The budget includes a loan of \$60 million from the Occupancy Compliance Monitoring Account to the General Fund.

**California Tax Credit Allocation Committee - Loan from Tax Credit Allocation Fee Account.** The budget includes a loan of \$60 million from the Tax Allocation Fee Account to the General Fund.

**California Alternative Energy and Advanced Transportation Financing Authority - Extension of the Sales and Use Tax Exclusion (STE) Program - AB 1583.** The budget includes \$263,000 and one position to administer the Sales and Use Tax Exclusion Program.

**California Alternative Energy and Advanced Transportation Financing Authority - Administration of the CA Hub for Energy Efficiency Financing Pilot Program.** The budget includes reimbursements of \$2.5 million to continue the implementation of the California Hub for Energy Efficiency Financing Pilot Programs which increase the availability of lower-cost financing for energy efficiency investments throughout the state.

**California Achieving a Better Life Experience (ABLE) Act Board - Continued Administration of the California ABLE Program.** The budget includes \$1.2 million special funds and three positions for administration and continued operations.

**CalSavers Retirement Savings Program.** The budget includes trailer bill language that 1) provides authority to the CalSavers Retirement Board to enforce compliance with CalSavers, to be administered through action by the FTB and deletes current provisions related to the EDD, 2) allows cannabis-regulating agencies to share data with CalSavers for its licensed cannabis businesses at no cost to the businesses, state agencies, or California taxpayers, and 3) allows an eligible employee to opt out of the program by phone.

## 1701 DEPARTMENT OF BUSINESS OVERSIGHT (DBO)

**Financial Empowerment Fund (SB 455).** The budget includes one position to establish and administer a grant program to implement the Financial Empowerment Fund provisions of SB 455 (Bradford), Chapter 478, Statutes of 2019.

**Public Banking Startup (AB 857).** The budget includes \$273,000 special funds for one Limited-Term Attorney IV position to create a process by which a local agency may establish a public bank to implement the Public Bank provisions of AB 857 (Chiu), Chapter 442, Statutes of 2019.

**Administration Workload - FI\$Cal.** The budget includes \$281,000 special funds and two positions for increased workload created by the transition to FI\$Cal.

**Financial Protection Fund.** The budget includes trailer bill language that establishes a new fund called the Financial Protection Fund and 1) transfers all duties, responsibilities and remaining balances of the State Corporations Fund and the Financial Institutions Fund to the Financial Protection Fund and abolishes the aforementioned funds and 2) provides that all expenses of the Department of Financial Protection and Innovation, with the exception of the Credit Unions Program and upon appropriation by the Legislature, will be drawn from the Financial Protection Fund.

**Technical adjustment to Move Expenditures to Fund 3363.** The budget includes technical adjustments to the budget act consistent with the creation of the Financial Protection Fund.

**California Consumer Financial Protection Law (CCFPL).** The budget includes trailer bill language that enacts the CCFPL and adds Division 24 to the Financial Code with a purpose to promote consumer welfare, fair competition and wealth creation in the state. These provisions also rename the Department of Business Oversight (DBO) to the Department of Consumer Financial Protection and Innovation, clarify the department's authority to enforce provisions of the federal Dodd-Frank Wall Street Consumer Financial Protection Act of 2010 over existing licensees and protect consumers from unlawful, unfair, deceptive, or abusive acts or practices, and expand DBO's jurisdiction to cover currently unlicensed persons that offer or provide consumer financial products and services in California.

**Department of Consumer Financial Protection and Innovation.** The budget includes budget bill language to allow the department's budget to be augmented pursuant to the passage of trailer bill language establishing the Department of Consumer Protection and Innovation as the successor to the DBO. The Administration estimates a cost of \$10.2 million and 44 positions in 2020-21, an additional \$4.6 million and 28 positions in 2021- 22, and an additional \$4.5 million and 18 staff positions in 2022-23 and ongoing funding. This is an overall increase of \$19.3 million and 90 positions by the end of 2022-23 upon full implementation.

## 7600 CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION (CDTFA)

**Centralized Revenue Opportunity System (CROS) Project Implementation Phase - FY 2020-21.** The budget includes \$10.6 million General Fund and \$13.97 million special funds and 19 positions to continue implementation of the CROS Project by allowing the CDTFA to continue to meet the department's and customer's needs and project objectives by completing development and implementation of Rollout 4, which includes the remaining Special Taxes and Fees programs.

**California Health Care, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56).** The budget includes a reduction of \$1.4 million General Fund and an increase of \$2.3 million special funds to address workload associated with cigarettes and other tobacco products, including Prop 56 enforcement requirements.

**Cannabis Taxes Program.** The budget includes a reduction of \$666,000 General Fund and increase of \$7.8 million special funds and 29.8 positions to continue administration of the Cannabis Program. These resources will ensure ongoing support of the Cannabis Program as existing resources were set to expire at the end of the 2019-20 fiscal year.

**International Fuel Tax Agreement Workload Augmentation.** The budget includes \$1.4 million special fund and seven positions to ensure compliance with the International Fuel Tax Agreement.

**Local Prepaid MTS Sunset Extension (SB 344).** The budget includes \$513,000 special funds and 3.2 positions to fulfill requirements of the Local Prepaid MTS Collection Act.

**E-Cigarette Tax Program Establishment.** The budget does not include a proposal for \$9.9 million special funds and 10.5 positions to administer a new electronic cigarette tax. The new electronic cigarette tax was proposed as trailer bill and it was not approved.

**Sales Tax Extension for Diapers and Menstrual Products.** The budget includes trailer bill language to extend the sales tax exemptions for diapers and menstrual products through 2022-23.

**Tax and Fee Program Changes and Technical Adjustment.** The budget includes \$1.7 million and 11.5 positions to address increased workload associated with the Department of Toxic Substances Control (DTSC) modification of the hazardous waste fee structure of the Hazardous Waste Control Account (Waste Account). In addition, the budget includes the reappropriation of \$6.4 million from 2018-19 to ensure funding is available for the Department's Centralized Revenue Opportunity System project vendor compensation payments in 2020-21.

**May Revision Appropriation Adjustment.** The budget includes a reduction of \$25 million to reflect 2019-20 fiscal year savings.

**Used Car Dealer Sales Tax.** The budget includes trailer bill language to require used car dealers to remit the sales tax from a vehicle sale to the Department of Motor Vehicle (DMV) with the registration fee. This is needed to close the gap between the amount of sales tax collected by CDTFA and DMV used car registration data. This change is projected to result in an increase of \$12 million in revenue

**Delete Provision 2 of Item 7600-001-0001.** The budget includes the deletion of Provision 2 of Item 7600-001-0001, which requires the department to submit monthly vacancy reports.

## **7730 FRANCHISE TAX BOARD (FTB)**

**Minimum Franchise Tax (MFT).** The budget includes the expansion of the first-year exemption from the \$800 MFT to Limited Liability Companies, Limited Partnerships, and Limited Liability Partnerships. The exemption is applicable beginning January 1, 2021 and sunsets on January 1, 2026. This change is intended to alleviate burdens on newly formed corporations.

**Net Operating Loss (NOL) Suspension.** The budget includes trailer bill language to specify that, for a taxpayer with a net business income or a modified adjusted gross income of more than \$1 million, a net operating loss deduction shall not be allowed in respect to both corporate and income taxes for any taxable year beginning on or after January 1, 2020, and before January 1, 2023. This change is estimated to result in net revenue increases of \$1.8 billion annually over the three year period.

**Business Tax Credit Limitation.** The budget includes trailer bill language to temporarily limit the use of business incentive tax credits to offset no more than \$5 million in tax liability for 2020, 2021 and 2022. This change is estimated to result in net revenue increases of \$2 billion annually over the three-year period. There is also an interaction between these provisions and the NOL Suspension provisions that are estimated to result in approximately \$611 million in revenue.

**California Earned Income Tax Credit (EITC).** The budget includes trailer bill language to extend the EITC and Young Child Tax Credit (YCTC) eligibility to Individual Tax Identification Number (ITIN) filers with at least one child six years of age or younger. Subsequently, trailer bill language was adopted to extend the CA EITC and YCTC to all ITIN filers.

**Earned Income Tax Credit and Voluntary Income Tax Assistance Support.** The budget includes \$5 million General Fund for free tax services and program outreach.

**California Competes.** The budget includes \$2.3 million General Fund and 16 positions to convert 14 limited-term positions to permanent positions and add two new permanent positions to continue administering the provisions as mandated in AB 93, SB 90 and SB 855 for the California Competes Tax Credit.

**Reappropriation for Item 7730-001-0001.** The budget includes the reappropriation of \$8 million from the 2019 Budget Act to be available for encumbrance or expenditure until June 30, 2021 to accommodate the three-month extension of the 2019 tax year filing deadline.

**Advanced Strategic Aircraft Credit.** The budget includes trailer bill language specifying that for taxable years beginning on or after January 1, 2020, and before January 1, 2026, the Advanced Strategic Aircraft Credit could be used to reduce the alternative minimum tax.

**Individual Shared Responsibility Penalty Clean-up.** The budget includes trailer bill language to make the following changes in regards to the Individual Shared Responsibility Penalty: 1) Requires the non-coverage penalty to be collected along with other interest-bearing debt, 2) limits the maximum monthly penalty for a responsible individual with an applicable household size of five or more individuals to the maximum monthly penalty for a responsible individual with an applicable household size of five individuals, and 3) specifies that the FTB may adopt regulations to implement the Individual Shared Responsibility Penalty.

**California Economic Improvement Tax Vouchers.** The budget includes trailer bill language that instructs the FTB, in consultation with the Treasurer and the Department of Finance, to develop a plan for a California Economic Improvement Tax Voucher Program to be considered by the Legislature for future enactment. The plan must include tax vouchers periodically created as assets of the state in small increments to ensure widespread access. The tax vouchers must be allowed to be carried over to future taxable years, be fully transferable, and be allowed for participants to use for tax liabilities under the Personal Income Tax Law or the Corporation Tax Law.

**Franchise Tax Board Data Sharing.** The budget includes trailer bill language that allows the Department of Social Services (DSS) to exchange data of individuals who may qualify for the EITC with the FTB and would require the data to remain confidential and be used only for purposes directly connected to the EITC. In addition, authorizes the FTB to disclose individual income tax return information for taxable years on or after January 1, 2018, through January 1, 2020, to DSS. This information would also be confidential and is to be used only for the purposes of informing state residents of the availability of federal stimulus payments.

**State Finance and Management Budget Trailer Bills**

1. *State Taxes and Charges – AB 85 (Committee on Budget), Chapter 8, Statutes of 2020.*
2. *Bergeson-Peace Infrastructure and Economic Development Bank – AB 78 (Committee on Budget), Chapter 10, Statutes of 2020.*
3. *Personal Income Taxes: Earned Income Tax Credit: Young Child Tax Credit: Federal Individual Taxpayer Identification Number – AB 93 (Committee on Budget), Chapter 19, Statutes of 2020.*
4. *Retirement Savings – AB 102 (Committee on Budget), Chapter 21, Statutes of 2020.*
5. *State Government – AB 82 (Committee on Budget), Chapter 14, Statutes of 2020.*
6. *State Government – AB 107 (Committee on Budget), Chapter 264, Statutes of 2020.*
7. *Financial institutions: regulation: Department of Financial Protection and Innovation – Assembly Bill 1864, (Limón), Chapter 157, Statutes of 2020.*
8. *Personal Income Taxes: Federal Individual Taxpayer Identification Number: Earned Income Tax Credits: Young Child Tax Credit – AB 1876 (Committee on Budget), Chapter 87, Statutes of 2020.*
9. *Change in Ownership: Nonresidential Active Solar Energy Systems: Initiative – Senate Bill 364 (Mitchell), Chapter 58, Statutes of 2020.*

# HOUSING AND HOMELESSNESS

## LOW-INCOME HOUSING TAX CREDITS

The budget includes \$500 million in new State Low-Income Housing Tax Credits (LIHTC) for 2020-21.

- The budget includes trailer bill language that specifies that for the Low Income Housing Tax Credit that tax allocations amounts be available in the calendar year by the California Tax Credit Allocation Committee (CTCAC) after CTCAC and the California Debt Limit Allocation Committee (CDLAC) have adopted regulations, rules or guidelines to align programs of both committees with the objective of increasing production and containing costs.
- The trailer bill language also revises allocation methodology for the 2021 calendar year and thereafter, when CTCAC and CDLAC develop and prescribe regulations, rules or guidelines that includes a scoring system that maximizes the efficient use of public subsidy and benefit created through the private activity bond and low-income housing tax credit programs. The factors for determining the efficient use of public subsidy and benefit shall include, but not be limited to, all of the following:
  - The number and size of units developed including local incentives provided to increase density.
  - The proximity to amenities, jobs, and public transportation.
  - The location of the development.
  - The delivery of housing affordable to very low- and extremely low-income households by the development.
- The trailer bill language allows CDLAC to adopt emergency regulations for bond allocations for the 2021 calendar year.
- The trailer bill language includes additional reporting requirements. Specifically:
  - The language requires CDLAC to report to the Legislature by April 1, 2021 on the data from the private activity bonds awarded during the 2020 calendar year as specified.
  - The language requires CTCAC to report to the Legislature by April 1, 2021 on the data on federal and state low-income housing tax credits allocated from the 2019-20 budget as specified.

## **NATIONAL MORTGAGE SETTLEMENT**

The budget includes trailer bill language to allocate \$331 million to the National Mortgage Settlement Trust Fund for housing counseling and mortgage relief (\$300 million) and tenant legal aid (\$31 million).

## **FUNDING FOR LOCAL GOVERNMENTS**

**Funding for Cities.** The budget provides \$500 million in federal CARES funding to cities for homelessness, public health, public safety, and other services to help combat the COVID-19 pandemic as follows:

- \$225 million directly to cities with a population greater than 300,000 that did not receive a direct allocation from the federal CARES Act. These funds are to be allocated based on the share of each city's population relative to the total population of the cities receiving this funding.
- \$275 million to cities with a population less than 300,000. These funds are to be allocated based on the share of each city's population relative to the total population of the cities covered by the section. The budget includes budget bill language specifying that no city shall receive less than \$50,000.

**Funding for Counties.** The budget provides \$1.289 billion in federal CARES Act funding to counties to be used for homelessness, public health, public safety, and other services to help combat the COVID-19 pandemic. This funding is to be allocated based on the share of each county's population relative to the total population of the state while considering prior direct allocation of funding from the federal CARES Act.

## **0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY (BCSH)**

The budget provides \$307.4 million from a variety of funds in 2019-20, including \$300 million from the General Fund for an additional round of Homeless Housing Assistance and Prevention (HHAP) program funding. The total budget includes:

- **Homeless Housing Assistance and Prevention Program.** The budget includes an additional \$300 million in General Fund resources for Round 2 of the HHAP program as follows:
  - \$90 million to Continuums of Care (CoC).
  - \$130 million to each city, or city that is also a county that has a population of 300,000 or more as of January 1, 2020.
  - \$80 million to counties.
- The budget also includes trailer bill language related to the HHAP Program to require a more robust application process for Round 2 of HHAP program as well as additional reporting requirements.



- **Homeless Coordinating and Financing Council Staffing.** The budget includes \$1.5 million from the General Fund for 10 additional staff for the Homeless Coordinating and Financing Council to perform work associated with their statutory mandates and strategic coordination with the state's efforts to address homelessness.

## 1700 DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING

The budget provides \$39.5 million for 231 positions in 2020-21. This includes:

- **Enforcement and Administrative Resources.** The budget includes \$6.1 million and 36.7 positions for the Department to address an increase of civil rights complaints in recent years and enforcement of new laws that prohibit housing discrimination on the basis of source of income and the extension of the filing period for employment discrimination complaints.
- **Facilities Operations.** The budget includes \$423,000 from the General Fund for increased costs related to department offices.

## 2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)

The budget provides \$3 billion in 2020-21 to support 909 positions at HCD. This includes:

- **Foster Care Transitional Housing Program.** The budget maintains out year funding for the Foster Care Transitional Housing program. The budget provides \$8 million in 2020-21 and \$4 million in 2021-22 subject to suspension.
- **Reversions and Budget Triggers.** The budget reverts funding for the following items but makes them subject to a federal budget trigger mechanism, meaning they could be funded if additional federal funding became available:
  - Remaining funding to support mixed-income housing developments per AB 101 (Committee on Budget), Chapter 159, Statutes of 2019. AB 101 provided \$500 million over four years to the California Housing Finance Agency for the production of low- and moderate-income housing, including \$200 million in 2019-20 and \$95 million in 2020-21.
  - Remaining funding for the Infill Infrastructure Grant (IIG) Program of 2019, per AB 101 (Committee on Budget), Chapter 159, Statutes of 2019. This program is intended to support the development of additional housing by providing for the construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure that supports the development of housing.
- **Project Homekey.** The budget includes \$550 million in federal CARES Act funding through the HCD for acquisition or acquisition and rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel; purchase of affordability covenants and restrictions for units; and the relocation costs for individuals who are being displaced as a result of rehabilitation of existing units. Requires funding to be in compliance with Housing

First Principles. The budget also includes \$50 million from the General Fund for Project Homekey for acquisition and operating subsidies for acquired units.

- The budget also includes trailer bill language to provide a CEQA exemption for Project Homekey projects if all of the following requirements, if applicable, are satisfied:
  - No units were acquired by eminent domain.
  - The units will be in decent, safe, and sanitary condition at the time of their occupancy.
  - The project proponent requires all contractors and subcontractors performing work on the project to pay prevailing wages for any rehabilitation, construction, or alternations.
  - The project proponent obtains an enforceable commitment that all contractors and subcontractor performing work on the project will use a skilled and trained workforce for any rehabilitation, construction, or alterations.
  - The project proponent submits to the lead agency a letter of support from a county, city, or other local public entity for any rehabilitation, construction, or alteration work.
  - Any acquisition is paid for exclusively by public funds.
  - The project provides housing units for individuals and families who are experiencing homelessness or who are at risk of homelessness.
  - Long-term covenants and restriction require the units to be restricted to persons experiencing homelessness or who are at risk of homelessness, which may include lower-income, and very low-income households, for no fewer than 55 years.
  - The project does not increase the original footprint of the project structure or structures by more than 10 percent. Any increase to the footprint of the original project structure or structures shall be exclusively to support the conversion to housing for the designated population.
- **Recovery Housing Programs.** The budget includes trailer bill language to extend the requirement that an agency or department that administers programs that fund recovery housing shall collaborate with the coordinating council to revise or adopt guidelines and regulations that incorporate the core components of Housing First until July 1, 2022. This trailer bill language also requires an agency or department that administers programs that fund recovery housing to provide for a referral process to other housing services should an individual be removed from recovery housing funded by state resources.
- **Local Early Action Planning Grants.** The budget includes trailer bill language to extend until January 31, 2021, the time that a jurisdiction may request an allocation of funds for the Local Early Action Planning Grants.

**Housing Budget Trailer Bills**

1. *Housing– Assembly Bill 83 (Committee on Budget), Chapter 15, Statutes of 2020.*
2. *State Government – Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*

# LABOR

## 0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY

- **Labor Agency Strategic Outreach.** The budget approves the May Revision proposal to modify the Governor's budget proposal to provide strategic outreach. The budget approves \$20 million and 19 positions in 2020-21, one-time, to be spent over three years. The outreach efforts are also modified to focus on COVID-19 workplace safety and labor laws. The Labor Agency will target outreach to low-wage immigrant workers and support employers as they navigate how to re-open and operate. Departments will work with community-based organizations to help with outreach and education, however department staff would have the primary responsibility for conducting the outreach. The outreach will cover both urban and rural areas throughout the state. The outreach will prioritize language access, reaching communities that have lower literacy levels and cultural barriers that reduce access to the Agency's programs and services.
- **COVID-19 Outreach and Training.** Senate Bill 115 (Committee on Budget), Chapter 40, Statutes of 2020, budget bill junior, provides \$32.5 million General Fund one-time to the Labor Agency to slow the spread of COVID-19 through employer and worker education and engagement, and enforcement. Of this funding, (1) \$6 million is for the Department of Industrial Relations to enforce anti-retaliation protections, employment matters related to reopening or resumption of business, workplace health and safety protections, including the enforcement of protections to assist hospitality workers returning to work, and (2) \$5 million for worker and employer training.
- **Labor and Workforce Development Fund (LWDF) Loan.** The budget approves the Governor's May Revision proposal to loan \$107 million LWDF to the General Fund.
- **Department of Better Jobs and Higher Wages.** The budget approves the May Revision proposal to withdraw a Governor's budget proposal to provide \$2.4 million General Fund for 10 positions to create the Department of Better Jobs and Higher Wages. The budget also defers without prejudice trailer bill language to create the department and to consolidate the California Workforce Development Board, the Employment Training Panel, Division of Apprenticeship Standards from DIR, and employment and training services from the Employment Development Department into the new department.

## 7100 EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

- **EDD and Department of Motor Vehicles (DMV) Information.** Assembly Bill 82 (Committee on Budget), Chapter 14, Statutes of 2020, a general government trailer bill, authorizes the DMV to respond to information requests from the EDD to ensure compliance with disability insurance and unemployment compensation requirements and to verify identity.

- **Data Sharing.** Assembly Bill 107 (Committee on Budget), requires the Franchise Tax Board to transfer specified information to the EDD for the purpose of administering unemployment programs, including the federal Pandemic Unemployment Assistance program. This data sharing is limited to information necessary to verify income.
- **Unemployment Insurance (UI) Benefits and Administration.** The budget approves the May Revision proposal to provide an increase of \$37.96 billion (\$33.95 billion federal funds) in spending authority for UI benefit payments for 2020-21, and an increase of \$126.3 million (to be distributed in two phases) and 777.1 positions in 2020-21 to reflect federal funding increases and projected workload increases for UI administration.
- **UI Federal Conformity.** Assembly Bill 103 (Committee on Budget), Chapter 22, Statutes of 2020, the Unemployment Compensation Benefits trailer bill, specifies that for the duration of all federal unemployment benefits created for the COVID-19 pandemic, UI benefits paid shall not be charged against the reserve account for a tax-rated employer. This shall be repealed on January 1, 2021, unless non-charging provisions are extended by federal law.

The bill also triggers on the Federal-State Extended Unemployment Compensation Act of 1970 (Fed-ED) benefits under the total unemployment rate trigger for the period beginning on or after March 18, 2020, pursuant to the Federal Families First Coronavirus Response Act. As a result of this federal conformity, claimants will be eligible for up to 20 weeks in additional unemployment insurance benefits, and the state will receive the second half of the unemployment administration grants described above.

- **EDD Unemployment Claims Reporting.** AB 107 requires EDD, starting on September 4, 2020, to make publicly available information and updates regarding unemployment claims. This information includes the number of claims paid, found ineligible, or have not been certified, among others. This information shall be posted on the EDD website and shall be updated every two weeks. This requirement shall sunset on July 1, 2021.
- **Benefit Systems Modernization (BSM) Project.** The budget approves the Governor's proposal to provide \$46 million and 147.5 positions funding equally by the General Fund and Unemployment Disability Fund, and a redirection of \$3.1 million and 19 positions in 2020-21 for the BSM project. These resources begin the multi-year implementation of an integrated and secure benefits system for unemployment, disability or paid family leave benefits. The budget starts year one of the design, development and implementation phase of the project.
- **AB 5 Implementation.** The budget approves the Governor's proposal to provide \$3.4 million in 2020-21 and \$3.2 million in 2021-22 and \$2 million in 2022-23 from the General Fund to implement AB 5 (Gonzalez), Chapter 296, Statutes of 2019.
- **Small Business Paid Family Leave Assistance.** The budget approves \$1 million General Fund ongoing to fund a grant program to assist training needs of small businesses with employees utilizing the Paid Family Leave Program. The proposal would provide \$1 million General Fund ongoing to three business associations to provide grants to small businesses with less than 10 employees, and utilize paid family leave. The small business would receive up to

\$500 per person who are trained or temporarily hired to backfill the workload and responsibilities of the person that took paid family leave.

## 7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD

- **Social Entrepreneurs for Economic Development (SEED).** AB 82 (Committee on Budget), Chapter 14, Statutes of 2020, establishes the SEED program to provide entrepreneurial training, microgrants, technical assistance and support, and outreach and education to individuals with limited English proficiency or are undocumented to establish or maintain a small business in the state. The bill requires a report to the Legislature by March 1, 2022, regarding the uses and outcomes of the funds. The budget provided \$10 million one-time General Fund for this purpose.

## 7350 DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)

- **Wage Claim Reporting.** AB 82 requires the Division of Labor Standards Enforcement to annually submit a report by March 1, 2022, to the Department of Finance and the Legislature regarding wage claims submitted to the Division and the outcomes.
- **Wage Claim Adjudication Support to Decrease Claim Processing Times.** The budget approves the Governor's proposal for a four-year phase in of positions for the wage claim adjudication unit at DIR: (1) 15 positions and \$2.3 million in 2020-21, (2) 31 positions and \$4.6 million in 2021-22, (3) 63 positions and \$8.8 million in 2023-24, and (4) \$8.6 million ongoing from the Labor Enforcement Compliance Fund. State law requires wage claims to be adjudicated within 120 days. However, in 2018, the average claim took almost 400 days to adjudicate. The administration estimates that once the positions are fully phased in, the duration of wait time will be reduced by half.
- **COVID-19 Food Sector Supplemental Paid Sick Leave (SPSL).** AB 1867 (Committee on Budget), Chapter 45, Statutes of 2020, establishes the COVID-19 food sector SPSL which requires up to two weeks of COVID-19 SPSL for food sector workers at hiring entities with 500 or more workers. The COVID-19 food sector SPSL is retroactive to April 16, 2020 and sunsets the requirement on December 31, 2020 or upon the expiration of any federal extension of the Emergency Paid Sick Leave Act established by the Families First Coronavirus Response Act, Public Law 116-127, whichever is later. The bill also requires the Labor Commissioner to enforce the bill provisions as if its COVID-19 food sector SPSL provisions were paid sick days, paid sick leave, or sick leave under provisions of existing law and would authorize a food sector worker to file a complaint with the Labor Commissioner.
- **COVID-19 Supplemental Paid Sick Leave (SPSL).** AB 1867 establishes the COVID-19 SPSL, which requires a hiring entity with 500 or more employees and those employed by a health care provider or emergency responder to provide up to two weeks of supplemental paid sick leave. This requirement sunsets on December 31, 2020 or upon the expiration of any federal extension of the Emergency Paid Sick Leave Act established by the Families First

Coronavirus Response Act, Public Law 116-127, whichever is later. AB 1867 also requires the Labor Commissioner to enforce the COVID-19 SPSL as paid sick days, paid sick leave or sick leave under existing law.

- **Hand Washing.** AB 1867 requires a food employee working in any food facility to be permitted to wash their hands every 30 minutes and additionally as needed.
- **Division of Workers' Compensation (DWC) Office Security.** The budget approves the Governor's proposal to provide \$2.3 million ongoing from the Workers' Compensation Administration Revolving Fund to allow the DWC to expand full-time California Highway Patrol (CHP) security at its district offices. This will provide CHP security at seven additional locations, and cover increased costs of DWC's existing CHP contracts.
- **Implementation of AB 5.** The budget approves the Governor's proposal to provide \$17.5 million and 103.5 positions in 2020-21, and \$16 million in 2021-22 and 2022-23 from various fund sources for a three-year limited term to implement AB 5. The positions will be as follows: (1) DWC - 63 positions: to adjudicate and manage workers comp claims, (2) Division of Labor Standards Enforcement - 26.5 positions: to investigate violations and conduct outreach, (3) Division of Occupational Safety and Health – two positions: inspections, and (4) Division of Administration - 12 support staff positions.
- **Occupational Safety and Health (OSH) Appeals Board Resources.** The budget approves the Governor's proposal to provide \$461,000 and two positions in 2020-21, and \$436,000 ongoing from OSH Fund for the OSH Appeals Board to assist in workload levels that have increased by 41.3 percent over the last four years, and provide timely processing of expedited appeals. The additional positions will allow the board to resolve an additional 650 appeals each year.
- **Financial and Administrative Compliance.** The budget approves the Governor's proposal to provide \$8.7 million and 32.5 positions in 2020-21, and \$7.5 million in 2021-22 and 2022-23, and \$4.9 million ongoing for: (1) 9.5 human resources staff positions to address audit findings from the California State Auditor, State Personnel Board, and CalHR; (2) 21 FISCAL and financial compliance staff, and two business management staff, and (3) limited term funding for research and legal staff.
- **Implementation of Legislation.** The budget approves the Governor's proposal to provide \$3.3 million and 15.5 positions in 2020-21, and \$26 million ongoing in 2021-22 to implement the following chaptered 2019 legislation: (1) AB 35 (Karla), Chapter 710 - Reporting of blood lead levels, (2) AB 51 (Gonzalez), Chapter 711 - employment discrimination enforcement, (3) AB 673 (Carillo), Chapter 716 - penalty for failure to timely pay wages, (4) AB 1400 (Kamlager-Dove), Chapter 717 - study on exposure to carcinogens, (5) SB 142 (Wiener), Chapter 720 - employees lactation accommodation, and (6) SB 698 (Leyva), Chapter 508 - employee wages payment.
- **Withdrawn Proposals.** The budget approves the May Revision proposals to withdraw the following Governor's budget proposals: (1) Worker's Compensation Case Management

System - Electronic Adjudication Management System Modernization - \$864,000 in 2020-21 and \$333,000 in 2021-22 from the Workers' Compensation Administration Revolving Fund, (2) OSH Legal Unit seven positions and \$1.2 million in 2020-21, 13 positions and \$2.3 million in 2021-22, and \$2.2 million ongoing from OSH Fund.

## **OTHER LABOR ACTIONS**

- **Unlawful Employment Practices and California Family Rights Act (CFRA).** As a part of the budget, the Legislature approved Senate Bill 1383 (Jackson), Chapter 86, Statutes of 2020. This bill expands the CFRA to allow employees to use unpaid job protected leave to care for a domestic partner, grandparent, grandchild, sibling, or parent-in-law who has a serious health condition. The bill also expands the scope of CFRA to employers with five or more employees.
- **Small Employer Family Leave Mediation.** AB 1867 establishes a Small Employer Family Leave Mediation pilot at the Department of Fair Employment and Housing (DFEH). This pilot program would allow a small employer or employee, within 30 days of receipt or obtaining of a right-to-sue notice, to request all parties to participate in DFEH's dispute resolution division. If an employer or employee requests mediation, the employee shall not pursue any civil action until the mediation is complete. This pilot program will sunset on January 1, 2024.

### **Labor Budget Trailer Bill**

1. *General Government I - Assembly Bill 82 (Committee on Budget), Chapter 14, Statutes of 2020.*
2. *Unemployment Compensation Benefits – Assembly Bill 103 (Committee on Budget), Chapter 22, Statutes of 2020.*
3. *Unlawful Employment Practices and California Family Rights Act – Senate Bill 1383 (Jackson), Chapter 86, Statutes of 2020.*
4. *General Government - Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*



# PUBLIC EMPLOYMENT AND RETIREMENT

## 7501 CALIFORNIA DEPARTMENT OF HUMAN RESOURCES (CalHR)

- **CalHR Direct Transfer Authority.** AB 107 (Committee on Budget), Chapter 264, Statutes of 2020, provides CalHR authority to charge state agencies and departments the costs related to controlled substance abuse testing, psychological screening, and medical evaluations. The bill requires the Controller to transfer funding from any state agent or department owed to CalHR for these purposes.
- **Creation of Childcare Bargaining Division.** The budget approves the Governor's January proposal to provide six positions and \$1.34 million General Fund in 2020-21 and \$1.32 million in 2021-22 and ongoing to create a childcare Bargaining Division pursuant to SB 75 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2019, and AB 378 (Limón), Chapter 385, Statutes of 2019.

## 7900 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)

- **Supplemental Pension Payment.** AB 84 (Committee on Budget), Chapter 16, Statutes of 2020, the public employment and retirement trailer bill, withdraws \$500 million General Fund supplemental pension payment provided in the 2019-20 budget act for 2020-21, 2021-22, and 2023-24. AB 84 instead provides \$243 million Proposition 2 funds for a supplemental pension payment for the state patrol member category of the unfunded liability, per the July 1, 2019 collective bargaining agreement.

AB 84 also repurposes the \$2.5 billion General Fund CalPERS supplemental pension payment provided in the 2019 Budget Act, which was paid to CalPERS in July 2019, to instead be used to supplant the state's 2020-21 and 2021-22 CalPERS contribution. The bill also authorizes the cash transfer of up to \$2.5 billion to the General Fund, from all non-General Fund sources that are required by law to fund state employer CalPERS contributions over the two fiscal years.

- **CalPERS School Pool.** AB 84 redirects \$660 million General Fund CalPERS Schools Pool supplemental pension payment provided in the 2019 Budget Act, to instead make a supplanting payment for district contribution rates in 2020-21 and 2021-22. Compared to existing law, this would reduce CalPERS district contribution rates by 2.90 percent in 2020-21 and 2.16 percent 2021-22.
- **SB 84 Loan Repayment Adjustments for Other Funds.** The 2017-18 budget provided a \$6 billion loan from the Surplus Money Investment Fund to make a one-time CalPERS supplemental pension payment. Statute requires that all funds that make contributions to CalPERS are responsible for repaying the loan by June 30, 2030. The budget includes \$119 million in payments from various fund sources to help repay the loan.

## 7920 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)

- **CalSTRS School Pool.** AB 84 redirects \$1.64 billion General Fund CalSTRS supplemental pension payment provided in the 2019 Budget Act, to instead make a supplanting payment for district contribution rates in 2020-21 and 2021-22. Compared to existing law, this would reduce CalSTRS district contribution rates by 2.95 percent in 2020-21 and 2.18 percent in 2021-22.
- **CalSTRS State Contribution Rates.** AB 84 specifies that for 2020-21, the state CalSTRS contribution rate shall be the same as the rate the CalSTRS board set on 2019-20. The bill specifies that this does not prevent payments towards the unfunded actuarial obligation.
- **Pension Solution Project.** The budget includes an increase of \$53 million one-time funding authority through June 30, 2023 for internal and external resources to complete the CalSTRS pension solution project. This spending authority will be used as follows: (1) \$34 million to fund a contract amendment for CGI Group, Inc. the system integrator on the project and (2) \$19 million for internal staff and external resources for the final two years of the project
- **Withdrawn Proposal.** The budget approves the May Revision proposal to withdraw a Governor's budget proposal to provide CalSTRS an increase of \$8.69 million and 27 permanent positions for external contract costs related to property management services and various software tools and subscriptions.

## 9800 EMPLOYEE COMPENSATION

- **Bargaining Agreements.** Control Section 3.90 of the Budget Act, as described above, assumed savings of \$2.84 billion from reduced employee compensation. The savings associated with the bargaining agreements described below and savings associated with similar compensation reductions to employees excluded from collective bargaining are approximately the same level of savings assumed in the 2020-21 budget.

AB 119 (Committee on Budget), Chapter 23, Statutes of 2020, the state employment and state bargaining units trailer bill, ratifies and approves MOUs, addenda, or both, entered between the state and state bargaining units (BUs) no later than June 30, 2020 that include cost savings measures that contribute to meeting the budgeted reductions as specified in the Budget Act of 2020. In the event an agreement could not be reached at the bargaining table by June 30, 2020, the budget authorizes the Administration to impose reductions in state employee compensation.

AB 119 ratifies and implements memoranda of understanding and addenda between 12 state BUs and the state. The bill appropriates \$270.9 million (\$131.9 million General Fund) for this purpose. AB 119 MOUs and addenda cover 12 state employee BUs represented by four exclusive employee representatives, which were reached before June 30, 2020, as follows:

- BU 1: Administrative, Financial, and Staff Services as represented by Service Employees International Union, Local 1000 (SEIU 1000)
- BU 3: Professional Educators and Librarians as represented by SEIU 1000

- BU 4: Office and Allied as represented by SEIU 1000
- BU 11: Engineering and Scientific Technicians as represented by SEIU 1000
- BU 14: Printing Trades as represented by SEIU 1000
- BU 15: Allied Services as represented by SEIU 1000
- BU 17: Registered Nurses as represented by SEIU 1000
- BU 20: Medical and Social Services as represented by SEIU 1000
- BU 21: Education Consultants and Library Employees as represented by SEIU 1000
- BU 6: Corrections a represented by California Correctional Peace Officers Association (CCPOA)
- BU 9: Professional Engineers Professional Engineers of California Government (PECG)
- BU 18: Psychiatric Technicians a represented by California Association of Psychiatric Technicians (CAPT)

SB 119 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2020, ratifies and approves the MOU reached between the state and BU 13, which was reached after June 30, and implements addenda and successor agreements reached between the state and 10 BUs before June 30. The bill appropriates \$3.13 million General Fund and \$2.78 million in other funds to implement the provisions of the addenda or MOUs. The addenda and agreements cover 11 BUs represented by 10 exclusive employee representatives, as follows:

- BU 12: Craft and Maintenance as represented by International Union of Operating Engineers (IUOE)
- BU 13: Stationary Engineers as represented by IUOE
- BU 2: Attorneys and Hearing Officers as represented by California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE)
- BU 5: Highway Patrol as represented by California Highway Patrolmen (CHP)
- BU 7: Protective Services and Public Safety as represented by California Statewide Law Enforcement Association (CSLEA)
- BU 8: California Department of Forestry and Fire Protection Firefighters as represented by CalFIRE Local 2881
- BU 9: Professional Engineers as represented by Professional Engineers of California Government (PECG)

- BU 10: Professional Scientists as represented by California Association of Professional Scientists (CAPS)
- BU 16: Physicians, Dentists, and Podiatrist as represented by Union of American Physicians and Dentist (UAPD)
- BU 18: Psychiatric Technicians as represented by California Association of Psychiatric Technicians (CAPT)
- BU 19: Health and Social Services/Professional as represented by American Federation of State, County and Municipal Employees (AFSCME)

**State Savings from Agreements (Dollars in Millions)**

Bargaining Unit	2020-21 All Funds State Savings <sup>(a)</sup>	Reduction in 2019-20 Bargaining Unit Payroll Costs <sup>(b)</sup>
Local 1000 <sup>(c)</sup>	\$ 1,021.9	10.7%
2	67.4	7.7
5	191.2	13.2
6	380.9	8.7
7	80.0	10.4
8	68.9	8.2
9	197.0	9.2
10	62.1	14.0
12	91.6	8.6
13	13.5	11.5
16	57.0	8.8
18	69.1	11.8
19	67.9	9.2
<b>Totals</b>	<b>\$2,368.50</b>	<b>10.0%</b>
<p><sup>(a)</sup> Savings estimated by administration. Includes costs that administration identifies as "non-add" that do not affect state appropriations but do reflect changes in what state costs would be in the absence of the agreements.</p> <p><sup>(b)</sup> State payroll costs: state salary and salary-driven benefit costs (for example: pension, Social Security, and Medicare costs).</p> <p><sup>(c)</sup> Local 1000: Service Employees International Union, Local 1000 represents nine bargaining units.</p>		

- **Common Provisions of Agreements.** In general, the MOUs and addenda for the BUs described above contain the following provisions: (1) Personal Leave Program (PLP) 2020 (described below) – a reduction in pay in exchange for time off. All of the agreements include the PLP 2020, but vary in the pay cut and time off received by impacted employees, as well as the number of fiscal years the policy is in effect, (2) Suspension of Contributions to Prefund Retiree Health Benefits – all agreements suspend at least a portion of the state and employee contributions paid to prefund retiree health benefits, and (3) Discretion of the Director of Finance – all agreements give the Director of Finance the sole discretion to determine whether or not there are sufficient revenues to restore

suspension, deferrals or other compensation reductions provided by the agreement before the scheduled restoration.

- Personal Leave Program (PLP) 2020.** AB 84 creates the PLP 2020 program from July 1, 2020 through June 30, 2021, and specifies that state employees shall participate in the PLP 2020, as required by an applicable MOU. Under the PLP 2020, employees shall receive a reduction in pay no greater than 10 percent, and up to 16 hours of PLP 2020 Program leave credits on the first day of each monthly pay period. For state employees not subject to the PLP 2020 Program, CalHR shall adopt a plan for July 1, 2020 through June 30, 2021 for those employees to be furloughed for two workdays per calendar month. The bill also requires the department to adopt rules to implement, enforce and administer the furlough plan.

#### Summary of PLP 2020 Established Under Labor Agreements

Bargaining Unit	Pay Reduction (%)	Monthly Leave Accrual (Hours)	Years in Effect		Suspension of Retiree Health Contributions		
			2020-21	2021-22	Percent of Pay	Employee	Employer
Local 1000 <sup>(a)</sup>	9.23	16	X	X	3.50	X	
2	9.23	16	X	X	2	X	
5	4.62	9	X	X	6.8	--	X <sup>(b)</sup>
6	4.62	12	X	X	4	X	
7	9.23	16	X	X	4	X	
8	7.50	16	X	--	4.4	X	
9	9.23	16	X	X	2	X	
10	9.23	16	X	X	2.8	X	
12	9.23	16	X	--	2.6	X	
13	9.23	16	X	X	3.9	X	
16	9.23	16	X	X	1.4	X	
18	9.23	16	X	X	4	X	
19	9.23	16	X	X	3	X	

<sup>(a)</sup> Local 1000: Service Employees International Union, Local 1000 represents nine bargaining units.

<sup>(b)</sup> Although the full contribution that is being suspended is paid by the state, one-half of it is paid on behalf of employees, pursuant to a past agreement.

#### **CONTROL SECTION 3.60**

- Control Section 3.60 specifies the employer contribution rate for state employees who are members of the CalPERS or Judges Retirement System (JRS) II. The budget approves the May Revision proposal to decrease Control Section 3.60 by \$18.69 million General Fund and \$28.52 million other funds compared to the Governor's budget. These changes reflect changes in state retirement contribution rates for state members of the CalPERS as adopted by the CalPERS Board on April 21, 2020, which grows at a lower rate than estimated in January. The budget also includes a reduction of \$1.95 million General Fund to reflect a decrease in the JRS II contribution rate from 24.96 percent

to 24.4 percent, which was adopted by the CalPERS Board. This decrease in the retirement contribution is mainly due to investment gains realized in 2018-19. The budget also includes a decrease of \$146.6 million to reflect assumptions in no payroll growth as described in Control Section 3.91.

### **CONTROL SECTION 3.90**

- The budget adds Control Section 3.90, which specifies a reduction in employee compensation by \$1.45 billion from General Fund items and \$1.39 billion from other funds, or approximately up to 10 percent or two furlough days per month. These reductions shall be achieved through any combination of the following: (1) memoranda of understanding or addenda reached pursuant to Section 3517.5 of the Government Code, (2) furloughs, and (3) other reductions for nonrepresented employees achieved with existing administration and statutory authority.

### **CONTROL SECTION 3.91**

- The budget adds Control Section 3.91, which suspends existing MOUs for represented employees and employees excluded or exempt from collective bargaining that require expenditure of funds for increased salaries and wages, such as general salary increases, general wage increases, special salary adjustments, and pay differentials, that were to become effective at any point during the 2020–21 fiscal year.

### **Public Employment and Retirement Budget Trailer Bills**

1. *Public Employment and Retirement – Assembly Bill 84 (Committee on Budget), Chapter 16, Statutes of 2020.*
2. *Memoranda of Understanding – State Bargaining Units 1, 3, 4, 6, 9, 11, 14, 15, 17, 18, 20, 21 - Assembly Bill 119 (Committee on Budget), Chapter 23, Statutes of 2020.*
3. *State Employment – State Bargaining Units – Senate Bill 119 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2020.*
4. *General Government - Assembly Bill 107 (Committee on Budget), Chapter 264, Statutes of 2020.*

SUBCOMMITTEE 5  
ON  
CORRECTIONS,  
PUBLIC SAFETY, AND THE  
JUDICIARY

Senate Committee on Budget and Fiscal Review

*Members*

Nancy Skinner, Chair

Jim Beall

John M. W. Moorlach

*Consultants*

Christopher Francis

Yong Salas

# SUBCOMMITTEE No. 5

## CORRECTIONS, PUBLIC SAFETY, AND THE JUDICIARY

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# THE JUDICIARY

## 0250 JUDICIAL BRANCH

The Budget Act of 2020 includes total funding of \$4.0 billion (\$2.1 billion General Fund and \$1.9 billion other funds) in 2020-21 for the Judicial Branch, including \$1.5 billion General Fund and \$1.2 billion other funds to support the trial courts. The budget also includes \$190 million General Fund and \$147 million other funds to support programs offered by trial courts such as Court Appointed Dependency Counsel, California Collaborative and Drug Court Projects, and the Equal Access Fund, among others. For the State Level Judiciary, which is comprised of the Supreme Court, Courts of Appeal, the Judicial Council, and the Habeas Corpus Resource Center, the budget includes \$491.3 million General Fund and \$497.2 million other funds. Of note are the following:

- **Trial Court Trust Fund Shortfall.** The budget includes an additional \$238.5 million one-time General Fund in 2020-21 to backfill declining fine and fee revenues: \$90.9 million in 2019-20 and \$147.6 million for 2020-21.
- **Judicial Branch Budget Reductions with Triggers.** The budget includes baseline reductions of \$176.9 million General Fund for the trial courts and \$23.1 million General Fund for the state level judiciary in 2020-21. However, if the federal government provides sufficient funding by October 15, 2020, \$126.9 million for the trial courts and \$23.1 million for the state level judiciary will be restored in 2020-21.
- **Resources to Fund Additional Workload from COVID-19.** The budget includes \$50 million one-time General Fund in 2020-21 to help the trial courts address the backlog in cases stemming from COVID-19 and resume normal operations.
- **Trial Court Employee Benefits.** The budget includes \$30 million ongoing General Fund for trial court employee health benefit and retirement costs, which brings the total funding for this purpose to \$180.5 million.
- **Modernization of Court Operations.** The budget includes \$25 million General Fund in 2020-21 and 2021-22 for modernizing court operations with the goal of achieving efficiencies and increasing access to court services online. The Judicial Council may allocate this funding for projects such as enabling electronic case filing, digitizing documents, resolving disputes online, and utilizing video technology to facilitate remote participation in hearings.
- **State Level Judiciary.** The budget includes a decrease of \$23.2 million General Fund in 2020-21 and ongoing with an additional decrease of \$10.6 million in 2021-22 associated with a five percent reduction in operating expenses, which will be achieved through efficiencies.
- **Statewide Authority to Implement Optional Misdemeanor Diversion.** The budget includes, through trailer bill language in AB 3234, statutory changes to authorize a judge in a superior court in which a misdemeanor is being prosecuted to offer misdemeanor diversion. The aforementioned changes do not apply to those with currently charged offenses related to domestic violence, stalking, and an offense that will require the person to register as a sex offender if convicted.

- **Rejection of Online Adjudication of Infractions and Expansion of Ability to Pay.** The budget committee deliberations led to the rejection of a Governor’s budget proposal for seven positions and \$11.5 million General Fund in 2020-21 (increasing to \$56 million annually beginning in 2023-24) to expand an ability to pay tool for traffic infractions.
- **Language Access.** The budget includes \$9.9 million General Fund in 2020-21 and \$9.6 million annually thereafter for increased costs for court interpreters and the purchase of equipment for the newly established Video Remote Interpreting Program. This will bring total funding for court interpreters to \$132 million annually.
- **County Law Libraries Backfill.** The budget includes \$7 million one-time General Fund in 2020-21 to backfill County Law Libraries for lost revenue due to the reduction in civil case filings from COVID-19.
- **Appointed Legal Counsel in Civil Cases AB 330 (Gabriel), Chapter 217, Statutes of 2019.** The budget includes two positions and \$11.2 million ongoing from the Trial Court Trust Fund for administration of the Shriver program to support costs associated with administering an increase in grantees funded by the program and a mandated study, as a result of the enactment of AB 330. The Judicial Council also requested provisional language to increase expenditure authority by the amount of any additional resources collected to support these programs, including resources collected from donations as allowed by AB 330. AB 330 increases fees on specified court filings by \$15 in order to fund an expansion of legal representation for low-income litigants in three kinds of potentially life-altering civil matters: probate conservatorships, housing-related matters including eviction, and family law.
- **Litigation Management Program.** The budget includes \$437,000 General Fund in 2020-21 and annually thereafter for the Judicial Branch to pay for legal defense services provided by the Department of Justice.
- **Pre-Trial Decision-Making Pilot Reporting Date Extensions.** The budget includes budget bill language to extend the due dates for reports related to a pre-trial decision-making pilot funded in the 2019 Budget Act. The date changes are due to COVID-19 impacts on the courts’ operations.
- **Additional Provisional Language Changes.** The budget includes provisional language to extend the availability of funding for the Court Innovation Grant Program and to allow for the augmentation of the Trial Court Trust Fund with notification to the Joint Legislative Budget Committee.
- **Loans to the General Fund.** The budget includes loans of \$8 million from the Family Law Trust Fund and \$5 million from the Appellate Court Trust Fund to the General Fund.
- **Capital Outlay Projects.** The budget includes various reappropriations for the Judicial Branch. New appropriations include \$13.2 million Public Buildings Construction Fund to fund additional courtrooms at the New Modesto Courthouse continuing project and additional appropriation of \$11.813 million Public Building Construction Fund for the construction phase of the renovation and addition of the Willows Courthouse project located in Glenn County in the City of Willows.

**Notable Withdrawals Due to COVID-19**

The budget approved the May Revision withdrawal of the following proposals:

- A Governor's budget proposal withdraws \$43.6 million General Fund for Court Facilities to begin the design and construction of courthouse projects, consistent with the Judicial Council Facilities Reassessment. Suspends \$2 billion (\$505 million General Fund) over the next five years as the courts reassess how they use their facilities in the wake of the COVID-19 pandemic.
- A Governor's budget proposal that included \$107.6 million ongoing General Fund to support trial court operations.
- A Governor's budget proposal that included \$43.6 million General Fund to begin the design and construction of courthouse projects, consistent with the Judicial Council Facilities Reassessment. This action suspends \$2 billion (\$505 million General Fund) over the next five years as the courts reassess how they use their facilities in the wake of the COVID-19 pandemic.
- A Governor's budget proposal that included \$10.3 million General Fund in 2020-21 to advance three information technology initiatives. These initiatives can be funded from the \$25 million for modernization.
- A Governor's budget proposal that included \$8.1 million General Fund in 2020-21 and \$15.5 million ongoing to fund court navigators in trial courts.
- A Governor's budget proposal that included \$6.9 million General Fund in 2020-21 and \$11.3 million General Fund in 2021-22 to digitize court records in approximately 15 courts, including appellate and trial courts. This initiative can be funded from the \$25 million for modernization.
- A Governor's budget proposal that included \$1.2 million ongoing General Fund to support increased costs for contractual services provided by the Supreme Court and the Courts of Appeal Court Appointed Counsel projects.
- A Governor's budget proposal that included \$1 million ongoing General Fund to support audits conducted by the State Controller's Office.

**0280 COMMISSION ON JUDICIAL PERFORMANCE (CJP)**

- **Improvements to Complaint and Investigative Processes.** The budget includes \$1.3 million General Fund in 2020-21 and \$1.1 million annually thereafter for the CJP to improve their investigative processes and to adopt a new case management system which accepts online complaints.

**Public Safety Budget Trailer Bills**

1. *Public Safety Omnibus – Senate Bill 118 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2020.*
2. *Juvenile Justice Realignment: Office of Youth and Community Restoration – Senate Bill 823 (Committee on Budget and Fiscal Review), Chapter 37, Statutes of 2020.*
3. *Misdemeanor Diversion and Elderly Parole – Assembly Bill 3234 (Ting), Chapter 334, Statutes of 2020.*
4. *Criminal Fees – Assembly Bill 1869 (Committee on Budget), Chapter 92, Statutes of 2020.*

# CORRECTIONS AND REHABILITATION

## 5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR)

The budget includes total funding of \$13.4 billion (\$13.1 billion General Fund and \$311 million other funds) in 2020-21 for the CDCR. The budget includes the following:

### Population Updates and COVID-19 impacts

On March 24, 2020, the Governor issued Executive Order N-36-20, to mitigate the spread of COVID-19 in the state's adult institutions by stopping intake for 30 days, which was subsequently extended to 60 days. While intake resumed on May 29, 2020, CDCR is proceeding with an abundance of caution. For example, the Department is offering testing to all inmates upon intake and has instituted a mandatory 14-day quarantine period in its reception centers. CDCR estimates that approximately 8,200 inmates were held in county jails as a result of the suspension of intake for 60 days and anticipates transferring all those inmates to CDCR in the coming months.

In addition, CDCR initiated the release of inmates who were within 60 days of release at the beginning of April 2020, and who were not serving a current term for domestic violence, a violent felony, or required to register as a sex offender. These actions have contributed to a significant decline in the prison population. As of June 17, 2020, the adult inmate population was 114,643, compared to 122,941 as of March 25, 2020, a reduction of 8,387 inmates.

These population counts will be impacted by COVID-19 and will be updated with Fall Population Adjustments as part of the 2021-22 budget deliberations.

### Prison Reforms

- **Prison Closure Reporting Dates.** Through SB 118, the budget requires the identification of a state owned and operated prison for closure by January 10, 2021 and second state owned and operated prison for closure by January 10, 2022. The budget also requires the consideration of factors, including costs associated with operations and capital outlay needs, and operational flexibility.
- **Update to Parole Terms and Earned Discharge.** Through SB 118, the budget requires a person released from state prison on or after July 1, 2020 and subject to parole supervision by the CDCR to serve a parole term of two years for a determinate term and a parole term of three years for a life term. The budget also requires the Division of Adult Parole Operations to review these individuals for earlier discharge as specified. The aforementioned statutory changes do not apply to any inmate currently incarcerated for an offense that will require the person to register as a sex offender pursuant to Chapter 5.5 (commencing with Section 290) of Title 9 of Part 1. Overall, establishing a new maximum term for parole for most offenders and earned discharge processes will result in General Fund savings of \$23.2 million and a reduction of 122.9 positions in 2020-21.
- **Updates to Elderly Parole and Compassionate Release.** Through SB 118, the budget changes the life expectancy for inmates who are eligible for recall of sentence for compassionate release from six months to 12 months and removes the Board of Parole Hearing from the process. Additionally,

the budget changes the age for elderly parole eligibility from 60 to 50 and time served from 25 to 20 years.

- **Reduce Reception Center Process to 30 days.** The budget includes reductions of \$3.7 million General Fund and \$121,000 Inmate Welfare Fund due to anticipated savings by implementing a more efficient process at the reception centers. It is anticipated to reduce the current processing time of 90 to 120 days down to as little as 30 days. This will allow inmates to begin participating in academic and rehabilitative programs sooner.
- **Changes to Good Conduct Credits.** The budget includes reductions of \$2.7 million General Fund and \$170,000 Inmate Welfare Fund due to anticipated changes in good conduct credits, applied prospectively.
- **Consolidate Fire Camps.** The budget includes reductions of \$7.4 million General Fund due to the consolidation of eight fire camps that are currently not at capacity. CDCR will work with the California Department of Forestry and Fire Protection (CAL FIRE) on the selection of the specific camps, taking into consideration proximity to other fire camps in an effort to minimize impacts to communities that rely on the services provided by inmate fire crews.
- **Remote Court Appearances.** Through SB 118, the budget allows preliminary hearings and trials to be held by two-way electronic audio-video communication if a defendant within the jurisdiction of the California Department of Corrections and Rehabilitation agrees and requires the department to arrange for communication between the superior court and any state prison in these situations. This language is a proactive cost containment strategy intended to reduce overall transportation costs and mitigate the need for future budget augmentations in this area.

### Medical and Mental Healthcare for the Incarcerated

- **Psychiatry Registry Funding Augmentation.** The budget includes \$13.3 million ongoing General Fund for contract psychiatry services needed to meet the federal court order to fill at least 90 percent of the state prison system's psychiatry positions.
- **Expansion of Statewide Telepsychiatry Program.** The budget includes \$5.9 million General Fund in 2020-21, increasing to \$8.4 million ongoing General Fund in 2024-25, to provide increased staffing and infrastructure support for the Statewide Telepsychiatry Program. The use of telepsychiatry through secure videoconferencing has improved access to mental health care services, particularly for patients at remote institutions.
- **Elimination of Integrated Services for Mentally Ill Parolees (ISMIP) Program.** Through SB 118, the budget eliminates the ISMIP program. CDCR anticipates savings of \$8.1 million General Fund in 2020-21, increasing to \$16.3 million General Fund in 2021-22 and ongoing.
- **Integrated Substance Use Disorder Treatment Program Reduction.** The budget includes a one-time reduction of \$30 million General Fund for the Integrated Substance Use Disorder Treatment Program reflecting expected challenges in full program implementation due to the COVID-19 pandemic.

- **Receiver: Information Technology Security Staffing and Tools.** The budget includes \$2.9 million General Fund in 2020-21 and \$1.3 million General Fund in 2021-22 and ongoing for resources to strengthen security and cybersecurity infrastructure to protect inmate health records.
- **Draw down Federal Funds for Health Care for Community Reentry Programs.** The budget includes a reduction of \$4.2 million General Fund in 2020-21 and \$8.5 million ongoing related to the implementation of operational changes at reentry facilities that will allow the state to draw down federal funding for residents' health care.
- **Receiver: Medical Imaging Equipment.** The budget includes \$1 million General Fund in 2020-21, increasing to \$2.3 million ongoing General Fund in 2024-25, to provide dedicated funding for replacing and maintaining X-Ray equipment.
- **Receiver: Secure Electronic Data Share Unit for Patient Health Records.** The budget includes \$377,000 General Fund in 2020-21 and \$712,000 ongoing General Fund to support an electronic health care data exchange process to transfer health records to counties for inmates that are releasing, paroling, or being transferred to county custody. The timely sharing of electronic medical records will improve patient outcomes by allowing for a more seamless transition of mental health, dental, and other medical information as patients' transitions from prison.
- **Legionella Remediation at California Health Care Facility.** The budget includes \$9.7 million General Fund in 2019-20, and \$4.3 million ongoing General Fund to establish new water system protocols to control Legionella bacteria and minimize the risk of illness at the California Health Care Facility.

## Youth Justice Reform

- **Juvenile Justice Realignment.** The budget includes SB 823, a trailer bill that includes multiple provisions to realign the responsibility for state held youth to the counties. The bill makes the following changes:
  - **Intake Closure Date.** The bill will close intake at DJJ on July 1, 2021 with exceptions.
  - **Reducing Transfers of Youth to Adult Jurisdiction.** Continues to allow a court to commit any ward who is otherwise eligible to be committed to DJJ under existing law and in whose case a motion to transfer the minor from juvenile court to a court of criminal jurisdiction was filed. Moreover, expresses Legislative intent to establish a separate dispositional track for higher need youth by March 1 2021 to avoid increase transfers of youth to the adult jurisdiction. Makes adjustments to the local age of jurisdiction so that it mirrors the current age of jurisdiction for DJJ commitments.
  - **Oversight.** Establishes the Office of Youth and Community Restoration (OYCR) within the Health and Human Services Agency, effective July 1, 2021. The objective of the OYCR is to fulfill the rehabilitative purpose of the state's juvenile justice system through trauma-informed and developmentally appropriate services and programs. Moves all juvenile justice grant administration functions conducted by the Board of State and Community Corrections to the OYCR no later than January 1, 2025. Requires the OYCR to evaluate the efficacy of local programs being utilized for realigned youth, and report its findings to the Governor and

Legislature no later than July 1, 2025. Adds a new state-level ombudsman for youth in the juvenile justice system.

- **Statewide Data and Reporting.** Requires the Department of Justice to submit a plan by January 2023 to update the Juvenile Court and Probation Statistical System database to improve and modernize statewide juvenile justice data collection and reporting.
- **Funding and Accountability.** Establishes the Juvenile Justice Realignment Block Grant program for the purpose of providing county based custody, care, and supervision of youth who are realigned from the DJJ or who were otherwise eligible for commitment to the DJJ prior to its closure. The bill appropriates one-time \$9.6 million General Fund in facilities and planning grant funding to be awarded by the Board of State and Community Corrections in concurrence with a new office to assist counties in the development of a local continuum of care. This funding shall not be used by counties to enter into contracts with private entities whose primary business is the custodial confinement of adults or youth in a prison or prison-like setting. Makes the following appropriations by the Controller for fiscal years 2021-22 through 2023-24 to the counties for use by the county to provide appropriate rehabilitative housing and supervision services of the defined population:
  - For the 2021-22 fiscal year, \$39,949,000 General Fund
  - For the 2022-23 fiscal year, \$118,339,000 General Fund
  - For the 2023-24 fiscal year, \$192,037,000 General Fund
  - For the 2024-25 fiscal year and each year thereafter, \$208,800,000 General Fund
- **Young Adult Pilot Program Suspension.** The budget includes statutory changes in SB 118 to suspend the young adult pilot program in the DJJ to achieve cost savings.
- **Elimination of Therapeutic Communities.** The budget includes savings of \$8 million General Fund associated with the elimination of the DJJ Therapeutic Communities.
- **Valley State Prison Youth Offender Rehabilitative Community.** The budget includes \$1.3 million General Fund in 2020-21, and \$2 million ongoing, to establish a Youth Offender Rehabilitative Community at Valley State Prison in Chowchilla.
- **Applying Credits to Advance Youth Parole Eligibility through AB 965 (Mark Stone), Chapter 577, Statutes of 2019.** The budget includes \$504,000 General Fund in 2020-21, \$589,000 General Fund in 2021-22, and \$796,000 General Fund in 2022-23 and ongoing to recalculate youth parole eligibility dates.

### Capital Outlay and Maintenance Projects

The budget provides over \$135 million in General Fund and Lease Revenue Bonds for various capital outlay projects—including reappropriations. Additionally, the budget takes action related to maintenance. Of note are the following changes:

- The budget includes \$91 million in lease revenue bonds to construct a licensed 50-Bed Mental Health Crisis Facility to provide housing, treatment, and office space to allow for inmate-patients



in a crisis mental health state or needing other levels of licensed mental health care to be treated at the California Institution for Men.

- Increases the CDCR's lease revenue bond authority for the construction of various Health Care Facility Improvement Projects. Specifically, the budget provides an augmentation of \$32.5 million for these projects, increasing the total for these projects from \$1.13 billion to \$1.17 billion.
- The budget includes \$37.6 million General Fund for necessary roof replacement projects at California State Prison, Sacramento.
- The budget includes \$32 million General Fund for the construction of a second phase of medication distribution improvement projects at 13 institutions.
- The budget includes a reduction of \$18.5 million ongoing General Fund to provide less ongoing funding for prison maintenance projects in light of the current fiscal conditions.
- The budget includes \$8.2 million lease revenue bonds for a California Men's Colony, San Luis Obispo: West Facility Central Kitchen Replacement project.
- The budget includes \$3.8 million one-time General Fund to retrofit 64 intake cells across the state to provide a safer environment for inmates entering segregated housing.
- The budget includes a supplemental appropriation for the construction phase in the amount of \$2,666,000 from the Public Buildings Construction Fund for Correctional Training Facility, Soledad: Health Care Facility Improvement Program--Specialty Care Clinic.
- The budget includes \$1.4 million General Fund for the final phase of design of an arsenic removal water treatment plant at Valley State Prison (VSP) due to the increase in arsenic levels in the wells at VSP and the adjacent Central California Women's Facility.
- The budget includes \$300,000 funding for design and construction of a Medication Preparation Room at the California State Prison, Los Angeles County in housing unit D5.
- The budget includes \$250,000 General Fund to perform advanced planning functions and preparation of budget packages for capital outlay projects to enable the CDCR to perform advanced planning functions such as environmental reviews and site assessments to determine the feasibility of future capital outlay requests.

### **Additional CDCR Budget Items**

- **Light Duty and Modified Work Assignments.** The budget includes \$16.7 million General Fund annually for two years to provide modified work assignment posts for staff with medical conditions, such as pregnancy, to provide them opportunities to continue working or return to work earlier than would otherwise be possible.
- **Restructure of Equal Opportunity Complaints Program.** The budget includes \$943,000 General Fund to expand the Department's equal opportunity complaint processes to promote objectivity and fairness in complaint investigations.

- **Pharmacy Compliance.** The budget revises the definition of a correctional pharmacy, requires the implementation of the California Correctional Health Care Services Health Care Department Operations Manual, requires the quarterly inspection of correctional clinics by a pharmacist, and revises provisions to allow for removal and administering or furnishing of a drug for cases where a delay in therapy may cause patient harm.
- **Tattoo Removal Program Reduction.** The budget reduces the CDCR's baseline budget by \$2.1 million to reflect the elimination of the Tattoo Removal Program.
- **Exonerated Housing Assistance through AB 701 (Weber), Chapter 435, Statutes of 2019.** The budget includes \$1 million General Fund in 2021-22 and \$1.4 million General Fund in 2022-23 for the implementation of AB 701. This bill requires a one-time payment of \$5,000 upon release to each exonerated person in addition to recurring housing cost payments, for up to four years. Funding is not included in the budget year because of anticipated implementation delays.

### Notable Withdrawals Due to COVID-19

The budget approved the May Revision withdrawal of the following proposals:

- A Governor's budget proposal to transition the Division of Juvenile Justice to the Health and Human Services Agency. In lieu of this proposal, the DJJ Realignment proposal was adopted.
- \$70.8 million associated with the withdrawal of various capital outlay projects, also reducing the overall out-year costs for CDCR projects by approximately 67 percent.
- An adult probation reform proposed in the Governor's budget and maintains the existing SB 678 (Leno), Chapter 608, Statutes of 2009 calculation, which will provide county probation departments \$112.7 million General Fund in 2020-21.
- A Governor's budget proposal for \$26.9 million General Fund in 2020-21, declining to \$18 million ongoing to provide increased access to modern technology for inmates participating in academic and vocational training.
- A Governor's budget proposal that included \$21.6 million General Fund in 2020-21 and \$2.1 million General Fund ongoing to expand video surveillance at Richard J. Donovan Correctional Facility, Salinas Valley State Prison, and the California Institution for Women.
- A Governor's budget proposal that included \$21.4 million General Fund in 2020-21, declining to \$19.8 million ongoing General Fund in 2023-24 to give new training for correctional officers and counselors for better interactions with incarcerated populations.
- A Governor's budget proposal for \$9.9 million General Fund in 2020-21 and \$11.8 million General Fund ongoing to provide staff that will evaluate risks and implement best practices to improve health care delivery.
- A Governor's budget proposal for \$5.9 million General Fund in 2020-21 for health care facility repairs at the California Rehabilitation Center.

- A Governor's budget proposal that included \$4.6 million for an additional visitation day at nine institutions.
- A Governor's budget proposal that included \$1.8 million for tuition, books, materials, training, and equipment for inmate-students.

**Public Safety Budget Trailer Bills**

1. *Public Safety Omnibus – Senate Bill 118 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2020.*
2. *Juvenile Justice Realignment: Office of Youth and Community Restoration – Senate Bill 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020.*
3. *Misdemeanor Diversion and Elderly Parole – Assembly Bill 3234 (Ting), Chapter 334, Statutes of 2020.*
4. *Criminal Fees – Assembly Bill 1869 (Committee on Budget), Chapter 92, Statutes of 2020.*

# PUBLIC SAFETY AND CRIMINAL JUSTICE

## Criminal Justice Reform

- **Family over Fees Act.** The budget, through AB 1869, will, effective July 1, 2021, make the following changes to 23 criminal administrative fees:
  - Repeals statutes associated with Public Defense Fees, Cost of Counsel, Public Defense Registration Fee, and Public Defense Fees for Minors.
  - Repeals statutes associated with various Criminal Justice Administration Fees. Specifically, repeals provisions allowing for the recovery of costs associated with arrest.
  - Repeals statutes associated with the \$25 Administrative Processing Fee and \$10 Citation Processing Fee.
  - Repeals the Interstate Compact Supervision Fee. Specially repeals statutes that provide that a probationer cannot be released to another state until the probationer has paid the reasonable costs of processing their request to move states.
  - Repeals statutes associated with alternative custody. For example, it eliminates the ability to charge an administrative or application fee for work furlough or home detention and eliminates other fees relating to home detention. Moreover, it repeals provisions that allow fees for pretrial electronic monitoring, provides the ability of probation to charge a person for electronic monitoring, and gives a county the ability to seek reimbursement for the reasonable costs of county parole supervision. Finally, it repeals the Probation Department Investigation/Progress Report Fee.
  - This trailer bill makes the unpaid balances related to the aforementioned eliminated fees uncollectible. The budget appropriates \$50,000 from the General Fund in the 2020-21 fiscal year to the Department of Finance to begin implementation of the provisions of this act and appropriates \$65 million annually from the General Fund to the Controller beginning in the 2021-22 fiscal year to the 2025-26 fiscal year, inclusive, to backfill revenues lost from the repeal of those fees specified in this act, unless future legislation extends the provisions of this act. The funds are appropriated to the Controller for allocation to counties according to a schedule provided by the Department of Finance. Finally, the bill expresses the intent of the Legislature to pursue legislation with the Budget Act of 2021 to finalize the funding allocation methodology for distribution to counties.
- **Expanding College Opportunities for People with Criminal Records.** The budget, through SB 118, prohibits a postsecondary education institution, exempting all professional degree or law enforcement basic training courses and programs, from inquiring about a prospective student's criminal history on an initial application form or at any time during the application process before the institution's final decision relative to the prospective student's application for admission. A postsecondary educational institution shall make any necessary changes to its application form to comply with the statutory changes by the fall term of the 2021–22 academic year.

- **Conforming Statute to Realignment in response to People v. Vega.** The budget, through SB 118, modifies legislative, non-proposition-approved statute to delete reference to location of facility for time served so that underlying crime is the determiner of facility where sentence is served.

## 0690 OFFICE OF EMERGENCY SERVICES (OES)

- **California Cybersecurity Integration Center.** The budget provides three-year limited term resources of \$11.1 million and 24 positions at the OES the California Military Department, the California Highway Patrol, and the California Department of Technology in 2020-21, and \$11.5 million and 24 positions in 2021-22 and 2022-23. Also includes reporting language that requires annual updates during the budget subcommittee, and a summary of this information no later than February 1, 2024.
- **Pacific Gas & Electric Operational Observer.** The budget provides \$5 million for the OES to enter into a contract for an operational observer to monitor the efforts of Pacific Gas & Electric to prepare for the 2020 wildfire season, implement measures to mitigate the risk of wildfire ignitions from utility infrastructure, and reduce the use, scope, and duration of public safety power shut offs. Requires a report no later than March 1, 2021 on the activities of the operational observer.
- **Transfer of the Alfred E. Alquist Seismic Safety Commission to the Office of Emergency Services.** The budget provides \$2.6 million (\$503,000 General Fund) to support the transition of the Alfred E. Alquist Seismic Safety Commission under the purview of the OES and ongoing costs.
- **Relocation of the Resources Building Communication Site.** The budget provides \$929,000 General Fund to relocate critical communications equipment from the Resources Building to the newly constructed building at 11<sup>th</sup> and O Street in downtown Sacramento.
- **Telecommunications Community Isolation Outages (SB 670).** The budget provides \$311,000 in State Emergency Telephone Number Account to implement SB 670 (Chapter 412, Statute of 2019).
- **California Early Earthquake Warning System.** The budget provides a special fund loan from the School Lands Bank Fund, administered by the State Lands Commission, of \$17.3 million, while OES works with stakeholders to determine a more permanent source of funding.
- **California Disaster Assistance Act.** The budget provides a one-time \$38.2 million augmentation for California Disaster Assistance Act payments in 2020-21.
- **Public Safety Power Shutdowns/Community Power Resiliency.** The budget provides one-time \$50 million General Fund for response to public safety power shutdowns for local governments, as well as state operations upon the authorization by the Director of Finance.
- **Wildfire Forecast and Threat Intelligence Center (SB 209).** The budget provides \$2 million, administered by OES to support the development and implementation of the Wildfire Forecast and Threat Intelligence Center by the OES, California Public Utilities Commission, and the Department of Forestry and Fire Protection.

- **Relocation of the Red Mountain Communications Site, Del Norte County.** The budget includes \$979,000 General Fund to supplement the working drawings phase of the Relocation of the Red Mountain communications site. The budget also reappropriates the equipment phase of this project.
- **Sexual Assault: Medical Evidentiary Examinations (AB 538).** The Governor's budget includes \$310,000 General Fund to implement the provisions of AB 538 (Berman and Low), Chapter 714, Statute of 2019.
- **Legislative Investments.** The budget reappropriates various legislative investments from the 2019 Budget Act.
- **Technical Adjustment for the Nuclear Planning Assessment Special Account.** The budget adjusts the Nuclear Planning Assessment Special Account appropriations of \$15,000 state operations and \$75,000 local assistance beginning in fiscal year 2020-21.
- **Statewide Smart 9-1-1 Feasibility Study (AB 911).** The Governor's Budget proposed \$350,000 from the State Emergency Telephone Number Account for a Smart 9-1-1 feasibility study. This funding was withdrawn during the May Revision and will be completed with existing resources.
- **Wildfire Mitigation Financial Assistance Pilot Program (AB 38).** The Governor's January Budget proposed \$25.8 million General Fund and \$75 million federal funds for a pilot program for \$100 million in wildfire mitigation grants. This proposal was withdrawn in the May Revision. The Legislature approved the Administration's withdrawal of this proposal.

## 0820 DEPARTMENT OF JUSTICE (DOJ)

The budget includes total funding of approximately \$1.1 billion, including \$369.2 million General Fund in 2020-21, to support DOJ. This includes the following:

- **Firearms Precursor Parts, AB 879 (Gipson), Chapter 730, Statutes of 2019.** The budget includes \$5.9 million General Fund in 2020-21 and \$8.3 million in 2021-22 to regulate and track the sale of firearm precursor parts. Through SB 118, the budget accelerates the implementation of these requirements to July 1, 2022.
- **Other Firearm Registrations (Pifles).** Through SB 118, the budget expands the definition of an assault weapon to include as semiautomatic firearm that is not a rifle, pistol, or shotgun, that does not have a fixed magazine but has any one of the attributes currently associated with assault weapons, that has a fixed magazine with the capacity to accept more than ten rounds, or has an overall length of less than 30 inches. Provides an exception to the prohibition on possessing an assault weapon that is not a rifle, pistol, or shotgun if the person lawfully possessed the weapon prior to September 1, 2020, and registers the weapon by January 1, 2022. Prohibits the joint registration of an assault weapon that is not a rifle, pistol, or shotgun. The budget allocates \$128,000 Dealers' Record of Sale (DROS) Special Account in 2020-21, \$862,000 DROS in 2021-22, and \$14,000 DROS annually thereafter to implement these provisions.

- **Sex Offender Registration, SB 384 (Wiener), Chapter 541, Statutes of 2017 Amendments.** Through SB 118, the budget staggers petition dates for registrants, which will allow a registrant with a conviction for a registerable sex offense to petition for termination only on or after their next birthday following July 1, 2021. The language allows courts to summarily deny petitions that are statutorily ineligible and require law enforcement agencies to report receipt of a filed petition in the manner prescribed by the DOJ. Finally, the budget includes adjustments resulting in a net change of zero by moving \$4.8 million General Fund expenditures proposed in the Governor's Budget for 2020-21 and 2021-22 to 2022-23 and 2023-24, to align the funding to implement SB 384 with an updated implementation timeline.
- **Firearms Information Technology Modernization.** The budget allocates \$2.4 million DROS Special Account to begin the planning and analysis phase of combining and modernizing the existing firearms tracking systems. DOJ currently tracks firearms using 11 information technology systems that are antiquated, costly to update, and inefficient at data collection. New firearms policies and reporting requirements are difficult to implement given the disconnected structure of these systems. Modernizing these systems will enable DOJ to respond efficiently and in a cost-effective manner to changing business needs and legislative mandates.
- **Semiautomatic Rifle Sales, SB 61 (Portantino), Chapter 737, Statutes of 2019.** The budget allocates \$2.1 million DROS Special Account in 2020-21, \$1 million in 2021-22, and \$379,000 annually thereafter to implement and enforce the provisions of SB 61 that prohibit the sale of semiautomatic centerfire rifles to any person under 21 years of age, except a law enforcement officer or active duty member of the Armed Forces, and prohibit a person from making an application to purchase more than one semiautomatic centerfire rifle in any 30-day period.
- **Tracking Firearms Sales, SB 376 (Portantino), Chapter 738, Statutes of 2019.** The budget allocates \$981,000 DROS Special Account in 2020-21, \$306,000 in 2021-22, and \$232,000 annually thereafter to track and report annual firearms sales, loans, and transfers to enforce the provision under SB 376 that reduces the threshold for which a manufacturer's license is required from 100 firearms manufactured annually to 50.
- **Criminal Records Automatic Relief.** Through SB 118, adjusts the timeline for implementation of AB 1076 (Ting), Chapter 578, Statutes of 2019, and provides a technical clarification for the Teacher Credentialing Program. Also, the budget includes \$3.7 million Fingerprint Fees Account in 2020-21, \$4 million in 2021-22, and \$1.9 million annually thereafter to review records in statewide criminal justice databases to identify persons eligible to have their arrest or criminal conviction records withheld from disclosure and modify existing systems to grant such relief automatically.
- **Tax Recovery in the Underground Economy (TRUE) Criminal Enforcement Program.** The budget includes \$3.3 million General Fund in 2020-21 and \$3 million annually thereafter to bolster one of the existing TRUE teams.
- **California Law Enforcement Telecommunications System: Immigration (AB 1747 (Gonzalez), Chapter 789, Statutes of 2019).** The budget includes \$2.8 million General Fund in 2020-21, \$2.9 million in 2021-22, and \$2.5 million annually thereafter to conduct investigations and audits to monitor compliance with AB 1747, which limits the use of the California Law Enforcement Telecommunications System for immigration enforcement purposes.

- **AB 5 (Gonzalez), Chapter 296, Statutes of 2019 implementation.** The budget includes four positions and \$779,000 General Fund in 2020-21, \$749,000 in 2021-22, and \$749,000 in 2022-23 to address the increased enforcement actions associated with AB 5.
- **Preserving Access to Affordable Drugs, AB 824 (Wood), Chapter 531, Statutes of 2019.** The budget includes seven positions and \$1.7 million Attorney General Antitrust Account in 2020-21, and \$1.6 million annually thereafter, to pursue enforcement actions. AB 824 presumes any pharmaceutical patent infringement claim settlement to be anticompetitive and subject to a civil penalty if the alleged infringing party receives anything of value from the patent holding party in exchange for limiting or foregoing entry into the market unless that presumption can be rebutted with specified evidence.
- **Gambling Control Act, AB 649 (Cristina Garcia), Chapter 432, Statutes of 2019.** The budget includes \$379,000 Gambling Control Fund in 2020-21, and \$362,000 in 2021-22, to review and comment on incoming local ordinance amendments associated with AB 649. AB 649 would permit a person between 18 and 20 years of age to work in a gambling establishment in job classifications that entail providing services on and off the gaming floor that are not involved in the play of controlled games, as specified.
- **Bureau of Forensic Services Backfill.** The budget includes \$35.8 million one-time (\$25.8 million General Fund and \$10 million Fingerprint Fees Account) to backfill the continued decline in fine and fee revenues in the DNA Identification Fund.
- **DNA Identification Fund Provisional Language.** The budget includes provisional language to allow the Department of Finance to augment the item if the slowdown in court operations caused by the COVID-19 pandemic results in a decline in fine and fee revenues deposited in the DNA Identification Fund to a degree that threatens the fund's solvency.
- **Erskine Fire Claims Settlement.** The budget includes \$11.6 million one-time General Fund to pay for claims related to the Erskine Wildfire.
- **Healthcare Rights and Access Section.** The budget includes \$6.9 million in 2020-21 (\$3.7 million Attorney General Antitrust Account and \$3.2 million Unfair Competition Law Fund) and \$6.7 million annually thereafter (\$3.6 million Attorney General Antitrust Account and \$3.1 million Unfair Competition Law Fund) to establish the Healthcare Rights and Access Section to consolidate and centralize healthcare litigation within DOJ.
- **Replacement of License 2000 System.** The budget includes \$724,000 one-time Gambling Control Fines and Penalties Account for the initial planning and analysis phase of replacing the License 2000 System, which is used by the Bureau of Gambling Control and Gambling Control Commission to manage cardroom licensing, registration, and auditing functions.
- **Loans to the General Fund Due to COVID-19.** The budget provides loans of \$85 million from the Gambling Control Fund, \$50 million from the Fingerprint Fees Account and \$6.4 million from the Firearm Safety Account to the General Fund.



- **Privacy: Data Brokers AB 1202 (Chau), Chapter 752, Statutes of 2019.** The budget includes one position, \$150,000 Unfair Competition Law Fund in 2020-21 and \$141,000 ongoing as well as 360,000 Data Brokers Registry Fund in 2020-21 and \$187,000 ongoing to implement AB 1202.
- **Controlled Substance Utilization Review and Evaluation System.** The budget includes an augmentation of 4.0 positions and \$1.6 million reimbursement authority from the CURES Fund administered by the Department of Consumer Affairs to implement AB 528. This issue is also reflected in the budget for the Department of Consumer Affairs.

### Notable Withdrawals Due to COVID-19

The budget approved the May Revision to withdraw the following amounts related to Governor's proposals:

- \$9.5 million for the acquisition of a new consolidated forensic science laboratory campus project.
- \$5.4 million Gambling Control Fund and 30 positions for Cardroom and Third Party Providers of Proposition Player Services Oversight.

### 5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

The budget provides a total of \$338 million (\$126 million General Fund) for BSCC. Of note, the budget includes:

- **Coronavirus Emergency Supplemental Funding.** The federal CARES Act includes \$850 million for the Byrne-Justice Assistance Grant Program (Byrne-JAG). Byrne-JAG is the most flexible federal law enforcement grant program and will allow state and local police departments and jails to meet local needs, including purchase of personal protective equipment and other needed medical items and to support overtime for officers on the front lines. Specifically for California, the allocation is an estimated \$93.7 million. Of this amount, with \$58.5 million for the state and \$35.2 million for local law enforcement grants. The \$35.2 million has been directly allocated to cities and counties from the federal government according to a formula that dictates how these allocations went out. The budget includes a budget year spending authority increase for the BSCC for \$58,519,000 for Byrne-JAG. In July 2020, the BSCC allocated \$15 million of its \$58.5 million in federal emergency COVID-19 funds to the California Department of Corrections and Rehabilitation.
- **Indigent Defense Pilot.** The budget includes \$10 million one-time General Fund for the BSCC to administer a pilot program, in consultation with the Office of the State Public Defender, to supplement local funding for indigent criminal defense. This funding will also support the completion of an evaluation to determine the effectiveness of the grants in improving indigent defense services.
- **California Violence Intervention and Prevention (CalVIP) Program.** The budget includes \$9 million General Fund in 2020-21 and ongoing for CalVIP. These grants provide funding to support services such as community education, diversion programs, outreach to at-risk transitional age youth, and violence reduction models.

- **Proposition 47 Savings.** In November 2014, voters passed Proposition 47 which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permits inmates previously sentenced for these reclassified crimes to petition for resentencing. The Department of Finance currently estimates net savings of \$102.9 million General Fund for Proposition 47 when comparing 2019-20 to 2013-14. These funds will be allocated according to the formula outlined in the initiative.
- **Post Release Community Supervision.** The budget includes \$12.9 million General Fund for county probation departments to supervise the temporary increase in the average daily population of individuals on Post Release Community Supervision as a result of the implementation of Proposition 57.

### 5990 FEDERAL IMMIGRATION FUNDING

- **State Criminal Alien Assistance Program (SCAAP) Baseline Adjustment.** The May Revision reflects a net increase of \$68.9 million General Fund as a result of the anticipated loss of federal funding associated with the SCAAP. The SCAAP program provides federal assistance to states and localities that incur costs for incarcerating undocumented criminal aliens who are being held as a result of state and/or local convictions. Due to the United States DOJ's new application requirements, the Attorney General cannot certify compliance with the new application requirement.

### 8120 COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING (POST)

- **Peace Officer Training.** The budget reappropriates \$10 million General Fund to: (1) create a Distance Learning Grant Program, (2) increase the functionality of POST's Learning Portal, and (3) upgrade previously produced and developed distance learning courses and videos. The budget establishes a Distance Learning Grant Program to allocate \$5 million to governmental entities and non-profit law enforcement educational institutions to develop and deliver training through innovative, distance learning modalities with a focus on use of force and de-escalation, implicit bias and racial profiling, community policing, cultural diversity, and organizational wellness.
- **Reductions Due to COVID-19 Impacts.** To reduce costs, the budget reverts \$16.5 million General Fund appropriated in prior budgets provided to POST for training reimbursements and grants that are unlikely to be expended given the restrictions associated with the COVID-19 pandemic.

### 8140 OFFICE OF STATE PUBLIC DEFENDER

- **Indigent Defense Expansion.** Through SB 118, the budget requires the State Public Defender to provide training and assistance to provide assistance to public defender offices and to other counsel appointed to represent indigent defendants in complex matters. Repeals provisions authorizing the State Public Defender to hire additional staff attorneys and support staff and repeals the requirement to formulate plans for the representation of indigents in specified courts.

- **Indigent Defense Improvements.** The budget includes \$4 million General Fund in 2020-21 and \$3.5 million annually thereafter to expand the Office’s mission to include improving the quality of indigent defense services provided by counties. Specifically, these resources are intended to provide training and technical assistance to attorneys providing indigent defense, with the goal of promoting more effective representation statewide.

### **Public Safety Budget Trailer Bills**

1. *Public Safety Omnibus – Senate Bill 118 (Committee on Budget and Fiscal Review), Chapter 29, Statutes of 2020.*
2. *Juvenile Justice Realignment: Office of Youth and Community Restoration – Senate Bill 823 (Committee on Budget and Fiscal Review), Chapter 337, Statutes of 2020.*
3. *Misdemeanor Diversion and Elderly Parole – Assembly Bill 3234 (Ting), Chapter 334, Statutes of 2020.*
4. *Criminal Fees – Assembly Bill 1869 (Committee on Budget), Chapter 92, Statutes of 2020.*

# APPENDIX

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## BUDGET and TRAILER BILLS

<b>Bill Number</b>	<b>Chapter Number</b>	<b>Topic</b>	<b>Date Chaptered</b>
<b>SB 74</b>	<b>6</b>	<b>Budget Act of 2020</b>	<b>June 29, 2020</b>
<b>AB 89</b>	<b>7</b>	<b>Budget Act of 2020</b>	<b>June 29, 2020</b>
<b>SB 115</b>	<b>40</b>	<b>Budget Act of 2020</b>	<b>September 9, 2020</b>
SB 98	24	Education Finance	June 29, 2020
SB 116	25	Postsecondary Education	June 29, 2020
SB 118	29	Public Safety	August 6, 2020
SB 364	58	Change in Ownership: Nonresidential Active Solar Energy Systems: Initiative	September 9, 2020
SB 820	110	Education	September 18, 2020
SB 823	337	Juvenile Justice Realignment: Office of Youth and Community Restoration	September 30, 2020
SB 1383	86	Unlawful Employment Practices and California Family Rights Act	September 17, 2020
AB 75	9	Budget Act of 2019: Augmentation	June 29, 2020
AB 76	5	Education Finance: Apportionments	June 26, 2020
AB 78	10	Bergeson-Peace Infrastructure and Economic Development	June 29, 2020
AB 79	11	Human Services	June 29, 2020
AB 80	12	Public Health	June 29, 2020
AB 81	13	Public Health Funding: Health Facilities and Services	June 29, 2020
AB 82	14	State Government	June 29, 2020
AB 83	15	Housing	June 29, 2020
AB 84	16	Public Employment and Retirement	June 29, 2020
AB 85	8	Revenues	June 29, 2020
AB 90	17	Transportation	June 29, 2020
AB 92	18	Resources	June 29, 2020
AB 93	19	Personal Income Taxes: Earned Income Tax Credit: Young Child Tax Credit: Federal Individual Taxpayer ID Number	June 29, 2020
AB 100	20	State Government II	June 29, 2020
AB 102	21	Retirement Savings	June 29, 2020
AB 103	22	Unemployment Compensation Benefits: COVID-19	June 29, 2020
AB 107	264	General Government	September 29, 2020
AB 119	23	State Employment: State Bargaining Units	June 29, 2020
AB 1864	157	Consumer Protection	September 25, 2020

AB 1867	45	Small Employer Family Leave Mediation: Handwashing: Supplemental Paid Sick Leave	September 9, 2020
AB 1869	92	Criminal Fees	September 18, 2020
AB 1872	93	Cannabis	September 18, 2020
AB 1876	87	Personal Income Taxes: Federal Individual Taxpayer Identification Number	September 18, 2020
AB 1885	94	Debtor Exemptions: Homestead Exemption	September 18, 2020
AB 3234	334	Public Safety	September 30, 2020
AB 3330	359	Department of Consumer Affairs: Boards: Licensees: Regulatory Fees	September 30, 2020

**General Fund Multi-Year Forecast**

**2020 Budget Act**

(Dollars in Millions)

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>RESOURCES:</b>					
Prior Year Balance	\$11,280	\$1,972	\$5,791	-\$2,883	-\$16,327
Revenues/Transfers	\$139,745	\$129,913	\$123,880	\$128,688	\$134,925
Transfer to Budget Stabilization Account	-\$2,120	\$0	\$0	\$0	\$0
Withdrawal from the Budget Stabilization Account	\$0	\$7,806	\$5,405	\$2,905	\$0
<b>Total Resources</b>	<b>\$148,905</b>	<b>\$139,691</b>	<b>\$135,076</b>	<b>\$128,709</b>	<b>\$118,598</b>
<b>EXPENDITURES:</b>					
Proposition 98	\$52,656	\$45,066	\$45,943	\$48,117	\$50,494
Proposition 98 Supplemental Payment	\$0	\$0	\$1,814	\$3,713	\$4,648
Non-Proposition 98	\$94,277	\$88,834	\$90,202	\$93,206	\$97,512
Prop 2 Infrastructure/Deferred Maintenance	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$146,933</b>	<b>\$133,900</b>	<b>\$137,960</b>	<b>\$145,036</b>	<b>\$152,654</b>
<b>FUND BALANCES:</b>					
	\$1,972	\$5,791	-\$2,883	-\$16,327	-\$34,056
Reserve for Encumbrances	\$3,175	\$3,175	\$3,175	\$3,175	\$3,175
SFEU	-\$1,203	\$2,616	-\$6,058	-\$19,502	-\$37,231
COVID Reserve	\$0	(716)	\$0	\$0	\$0
Safety Net Reserve	\$900	\$450	\$450	\$450	\$450
Budget Stabilization Account (Mandatory Deposits)	\$13,022	\$8,310	\$2,905	\$0	\$0
Budget Stabilization Account (Total Deposits)	\$16,116	\$8,310	\$2,905	\$0	\$0
Public School System Stabilization Account	\$0	\$0	\$0	\$0	\$0
Total Reserves	\$15,813	\$11,376	-\$2,703	-\$19,051	-\$36,781
BSA mandatory balance as a percentage of General Fund Tax Proceeds	9.4%	7.0%	2.4%	0.0%	0.0%
SFEU/Safety Net/PSSSA/Total BSA as a percentage of Total Resources	10.6%	8.1%	-2.0%	-14.8%	-31.0%
<b>Operating Surplus/Deficit with BSA Transfer</b>	<b>-\$9,308</b>	<b>\$3,819</b>	<b>-\$8,674</b>	<b>-\$13,443</b>	<b>-\$17,729</b>

Note: Totals may not add due to rounding

## General Fund Revenues 2020 Budget Act

(Dollars in Millions)

	2019-20	2020-21	2021-22	2022-23	2023-24
<b>1 Major Revenues</b>					
2 Alcoholic Beverage Taxes and Fees	385	389	393	397	402
3 Cigarette Tax	58	56	54	52	51
4 Corporation Tax	13,870	16,534	15,899	15,983	14,986
5 Insurance Gross Premiums Tax	3,052	2,986	3,088	3,195	3,305
6 Personal Income Tax	95,566	77,567	77,517	82,104	88,414
7 Retail Sales and Use Tax	24,941	20,583	23,634	24,565	25,358
<b>8 Total Major Revenues</b>	<b>\$137,872</b>	<b>\$118,115</b>	<b>\$120,585</b>	<b>\$126,296</b>	<b>\$132,515</b>
<b>9 Minor Revenues</b>	<b>3,756</b>	<b>7,259</b>	<b>2,007</b>	<b>1,842</b>	<b>1,553</b>
10 Trailer Coach License (In Lieu) Fees	(31)	(39)	(36)	(36)	(36)
11 Local Agencies - Cost Recoveries	(26)	(26)	(26)	(26)	(26)
12 Local Agencies - Miscellaneous Revenue	(165)	(160)	(152)	(144)	(144)
13 Royalties - State Lands	(107)	(27)	(48)	(68)	(74)
14 Investment Income - Pooled Money Investments	(547)	(184)	(89)	(72)	(69)
15 Abandoned Property Revenue	(479)	(429)	(434)	(440)	(446)
16 Cost Recoveries - Other	(1,050)	(2,850)	(552)	(381)	(51)
17 Federal Reimbursement for COVID-19	(1,026)	(2,927)	(0)	(0)	(0)
18 Miscellaneous Revenue	(40)	(40)	(40)	(40)	(40)
19 Penalty Assessments - Other	(89)	(389)	(438)	(448)	(478)
20 Other Miscellaneous Minor Revenues	(195)	(187)	(192)	(188)	(188)
<b>21 Revenue Transfers</b>	<b>-2,117</b>	<b>9,409</b>	<b>5,646</b>	<b>3,154</b>	<b>254</b>
22 Transfer to the BSA for Rainy Day Funds	(-2,120)	(0)	(0)	(0)	(0)
23 All Other Transfers	(3)	(1,153)	(241)	(249)	(254)
24 Withdrawals from BSA	(0)	(7,806)	(5,405)	(2,905)	(0)
25 Transfer to Safety Net Reserve (1019)	(0)	(450)	(0)	(0)	(0)
<b>26 Loans</b>	<b>-1,886</b>	<b>2,936</b>	<b>1,048</b>	<b>300</b>	<b>603</b>
27 Weight Fee Transfers	(-922)	(0)	(0)	(0)	(0)
28 Loan Repayments to Other Funds	(-942)	(0)	(0)	(0)	(0)
29 All Other Loans	(-21)	(2,936)	(1,048)	(300)	(603)
<b>30 Total Minor Revenues/Transfers/Loans</b>	<b>-\$247</b>	<b>\$19,604</b>	<b>\$8,700</b>	<b>\$5,296</b>	<b>\$2,410</b>
<b>31 Total Revenues/Transfers/Loans</b>	<b>\$137,625</b>	<b>\$137,719</b>	<b>\$129,285</b>	<b>\$131,593</b>	<b>\$134,925</b>

\*Dollars may not add due to rounding



**Proposition 98  
2020 Budget Act Multi-Year**

(Dollars in Millions)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
General Fund	46,097	47,906	35,081	40,862	42,098	43,925
Education Protection Account GF (Less health care share)	8,649	4,750	9,985	5,081	6,019	6,569
<b>Total Prop 98 General Fund</b>	<b>54,746</b>	<b>52,656</b>	<b>45,066</b>	<b>45,943</b>	<b>48,117</b>	<b>50,494</b>
Local Property Tax	23,776	25,022	25,824	26,961	28,302	29,572
<b>Total Prop 98</b>	<b>78,522</b>	<b>77,678</b>	<b>70,890</b>	<b>72,904</b>	<b>76,419</b>	<b>80,066</b>
<i>Prop 98 Change to Prior-year</i>	3,164	-844	-6,788	2,014	3,515	3,647
<i>Percent Change to Prior-year</i>	4.19%	-1.07%	-8.74%	2.84%	4.82%	4.77%
<i>Prop 98 Operative Test</i>	1	1	1	1	1	1
<i>Maintenance Factor Balance</i>	0	0	0	0	0	0
<i>Proposition 98 Supplementary Payments</i>				1,814	1,900	1,993
<i>Ongoing Supplementary Payment Increase up to Test 1 Value of 40%</i>					1,814	2,655
<b>Total Cumulative Supplementary Payment</b>				1,814	3,714	4,648
<b>Other Prop 98</b>						
<b>Settle-Up</b>						
Amounts Applied from Over Appropriations	-369	0	0	0	0	0
General Fund Payments for Prior Fiscal Years	-100	-318	0	0	0	0
<b>Settle-Up Balance</b>	318	0	0	0	0	0
<b>Mandate Balance</b>	1,118	1,118	1,118	1,118	1,118	1,118
<b>Public School Stabilization Account Balance</b>		0	0	0	0	0

**General Fund Multi-Year N98 Expenditures by Agency**  
**2020 Budget Act**  
(Dollars in Millions)

<b>N98 excludes Capital Outlay, Debt Service</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Legislative, Executive	\$4,080	\$1,898	\$1,351	\$1,338	\$1,325
Courts	2,609	2,471	2,239	2,245	2,280
Business, Consumer Services, and Housing	845	164	59	55	55
Transportation	102	16	9	8	7
Natural Resources	2,462	2,172	2,098	2,069	2,072
Environmental Protection	715	116	116	115	115
Health and Human Services	41,796	44,624	47,407	48,476	52,126
Corrections and Rehabilitation	12,796	12,786	12,449	12,267	12,035
Education	16,534	15,671	16,354	17,248	17,732
Labor and Workforce Development	186	159	124	122	120
Government Operations	2,303	1,578	1,271	1,255	1,255
General Government	4,147	1,646	603	2,052	2,233
Non-Agency Departments	( 1,017 )	( 850 )	( 794 )	( 790 )	( 788 )
Tax Relief/Local Government	( 505 )	( 1,182 )	( 427 )	( 427 )	( 427 )
Statewide Expenditures	( 2,625 )	-( 386 )	-( 618 )	( 835 )	( 1,019 )
<b>Capital Outlay</b>	445	162	73	64	61
<b>Debt Service</b>	5,256	5,371	6,049	5,892	6,097
<b>Total N98 Expenditures</b>	<b>\$94,277</b>	<b>\$88,834</b>	<b>\$90,202</b>	<b>\$93,206</b>	<b>\$97,512</b>

Note: Totals may not add due to rounding

**Debts and Liabilities Eligible for Payments Under Proposition 2**

**2020 Budget Act**

(Dollars in Millions)

	<b>Outstanding Amount at Start of 2020-21 <sup>2/</sup></b>	<b>Use of 2020-21 Pay Down</b>	<b>Proposed Use of 2021-22 Pay Down</b>	<b>Proposed Use of 2022-23 Pay Down</b>	<b>Proposed Use of 2023-24 Pay Down</b>
<b>State Retirement Liabilities</b>					
1 State Retiree Health	85,595	340	350	365	375
2a State Employee Pensions—SB 84 Loan from SMIF		221	228	56	14
2b State Employee Pensions	61,409	243	0	0	0
3 Teachers' Pensions <sup>1/</sup>	102,636	297	351	544	623
4 Judges' Pensions	3,183	0	0	0	0
<b>Total</b>	<b>\$252,823</b>	<b>\$1,101</b>	<b>\$929</b>	<b>\$965</b>	<b>\$1,012</b>

<sup>1/</sup> The state portion of the unfunded liability for teachers' pensions is \$33.064 billion.

<sup>2/</sup> For retiree health and pensions, the amounts reflect latest actuarial report available.

**Prop 2 Rainy Day Fund - 2020-21 and Outyears  
2020 Budget Act**

(Dollars in Millions)

	2020-21	2021-22	2022-23	2023-24	
<b><u>1.5% of General Fund Revenues &amp; Transfers</u></b>					
1	General Fund Revenues and Transfers (before BSA transfer)	\$127,913 <sup>1/</sup>	\$123,880	\$128,688	\$134,925
2	1.5% of General Fund Revenues & Transfers	\$1,919	\$1,858	\$1,930	\$2,024
<b><u>Capital Gain Revenues (Sec 20(b))</u></b>					
3	General Fund Tax Proceeds	\$118,666	\$120,947	\$126,651	\$132,873
4	Personal Income Taxes from Capital Gains	\$9,947	\$6,948	\$8,428	\$10,001
5	% of General Fund Tax Proceeds	8.4%	5.7%	6.7%	7.5%
6	<b>8% of General Funds Tax Proceeds</b>	<b>\$9,493</b>	<b>\$9,676</b>	<b>\$10,132</b>	<b>\$10,630</b>
7	Personal Income Taxes from Capital Gains in Excess of 8% General Fund Tax Proceeds	\$454	\$0	\$0	\$0
8	<b>Prop 98 Share of Capital Gains Tax Revenue above 8%</b>	<b>\$172</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
9	Non 98 Share of Capital Gain Tax Revenue above 8%	\$282	\$0	\$0	\$0
10	Total Available (Line 2 + Line 9)	\$2,201	\$1,858	\$1,930	\$2,024
11	<b>Debt Repayment (50%)</b>	<b>\$1,101</b>	<b>\$929</b>	<b>\$965</b>	<b>\$1,012</b>
12	<b>Deposit to Rainy Day Fund (50%)</b>	<b>\$1,101</b>	<b>\$929</b>	<b>\$965</b>	<b>\$1,012</b>
13	<b>Suspension of BSA Deposit (enter as a negative number)</b>	<b>-\$1,101</b>	<b>-\$929</b>	<b>-\$965</b>	<b>-\$1,012</b>
<b>Fund Balances</b>					
14	<b>Mandatory Balance from Previous Fiscal Year (Does <u>not</u> include discretionary amount)</b>	<b>\$13,022</b>	<b>\$8,310</b>	<b>\$2,905</b>	<b>\$0</b>
15	10 percent of GF Tax Proceeds	\$11,867	\$12,095	\$12,665	\$13,287
16	Infrastructure/Deferred Maintenance (Mandatory balance in excess of 10 percent GF Tax Proceeds)	\$0	\$0	\$0	\$0
17	Adjusted Deposit to Rainy Day Fund	\$0	\$0	\$0	\$0
18	<b>Withdrawal from BSA Mandatory Balance (enter as a negative number)</b>	<b>-\$4,712</b>	<b>-\$5,405</b>	<b>-\$2,905</b>	<b>\$0</b>
19	<b>Mandatory Balance</b>	<b>\$8,310</b>	<b>\$2,905</b>	<b>\$0</b>	<b>\$0</b>
20	Mandatory Percentage	7.0%	2.4%	0.0%	0.0%
21	Supplemental Deposit/Withdrawal (Deposits are positive numbers and withdrawals are negative)	-\$3,094	\$0	\$0	\$0
22	<b>Discretionary Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
23	<b>Total Cumulative Balance in Rainy Day Fund (Line 19 + Line 22)</b>	<b>\$8,310</b>	<b>\$2,905</b>	<b>\$0</b>	<b>\$0</b>
24	<b>Total Cumulative Balance (Line 23) as a Percentage of General Fund Tax Proceeds</b>	<b>7.0%</b>	<b>2.4%</b>	<b>0.0%</b>	<b>0.0%</b>

<sup>1/</sup> Excludes any federal funds transfer into the General Fund

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