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## CALIFORNIA STATE SENATE

### COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019  
SACRAMENTO, CA 95814



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## Agenda

August 28, 2018

8:30 a.m. - State Capitol Room 4203

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
A.B. 1828	Committee on Budget	Budget Act of 2018
A.B. 1832	Committee on Budget	State Public Employment: Memorandum of Understanding
A.B. 1833	Committee on Budget	Employment
A.B. 1840	Committee on Budget	Education
A.B. 1843	Committee on Budget	State Government

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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<b>Bill No:</b>	AB 1828	<b>Hearing Date:</b>	August 28, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	August 24, 2018 Amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Scott Ogus		

**Subject:** Budget Act of 2018

**Summary:** This bill makes changes and corrections to provisional language and appropriations in the Budget Act of 2018.

**Proposed Law:** Specifically, this bill:

- 1) Increases the Trial Court Trust Fund appropriation by \$15 million and adds provisional language to support start-up activities associated with pre-trial reform.
- 2) Adds provisional language related to small business technical support funding administered by the Governor's Office of Business Development. Specifically, the language specifies how the \$23 million included in the Budget Act of 2018 for small business technical support is to be allocated and makes the \$17 million for the California Small Business Development Center Program available for encumbrance or expenditure until June 30, 2021.
- 3) Makes a technical correction to transfer funds to the Coastal Trust Fund instead of the Coastal Conservancy Fund.
- 4) Extends the period of availability for contract exemptions for precision medicine contracts in the budget of the Office of Planning and Research.
- 5) Appropriates up to \$20,000 to reimburse the County of San Diego for costs of upgrading county election systems.
- 6) Adds an additional food bank as a potential recipient of funds allocated for the purpose of providing diapers to low-income families and specifies that up to 25 percent of a grant award may be provided in advance to the named organizations at the discretion of the department.
- 7) Appropriates \$700,000 to the Department of Justice to begin implementation of AB 375 (Chau), Chapter 55, Statutes of 2018—the California Consumer Privacy Act of 2018.
- 8) Corrects a drafting error by changing the date the Department of Justice must report to the Legislature the number of untested sexual assault evidence kits from July 1, 2019 to July 1, 2020.

- 9) Provides a technical fix by changing the date of availability of funds for processing of sexual assault evidence kits and changing the reporting date to the Legislature.
- 10) Allows for the appropriation of additional funds for the Department of Motor Vehicles (DMV) to alleviate or prevent wait times at field offices. Requires the amount of additional appropriation to be justified based on the level of resources necessary to reduce field office wait times by a specified amount. Requires the DMV to provide monthly updates to the Legislature on field office wait times and to report on efforts to improve business processes and impact of the requested augmentation on the Motor Vehicle Account fund condition.
- 11) Includes \$4 million for the California Conservation Corps for active transportation projects, with provisional language making the funds available for encumbrance and liquidation until June 30, 2024.
- 12) Requires the State Coastal Conservancy to distribute a portion of allocated Greenhouse Gas Reduction funds to the California Coastal Commission and San Francisco Bay Conservation and Development Commission.
- 13) Authorizes a transfer of \$15 million from the Air Quality Improvement Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.
- 14) Extends the liquidation and encumbrance period for the California Nutrition Incentive Matching Grant Program allocation.
- 15) Appropriates \$23.5 million for various drinking water-related projects including water tank installation, well replacement, septic replacement, and the Safe Drinking Water for Schools Grant Program.
- 16) Reappropriates \$15 million in Item 3760-101-0001 in the Budget Act of 2017 to enhance public access and other public purposes concerning the West Coyote Hills area in Orange County.
- 17) Reduces by \$10 million General Fund the resources for the Department of Social Services related to elimination of the Social Security Income Cash-Out policy.
- 18) Provides \$10 million to the Office of Emergency Services for grants related to human trafficking services.
- 19) Makes various changes to education programs to reflect updated estimates of federal fund award amounts.
- 20) Clarifies that funds available for quality activities under the Federal Child Care and Development Block Grant are available for expenditure through the 2019-20 fiscal year.

- 21) Specifies that \$100,000 in Title IV federal state operations funds are available for workload related to Title IV grant administration.
- 22) Makes various other minor technical changes and corrections related to the Budget Act of 2018.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1832 **Hearing Date:** August 28, 2018  
**Author:** Committee on Budget  
**Version:** August 24, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Anita Lee

**Subject:** State Public Employment: Memorandum of Understanding

**Summary:** This bill provides for the legislative ratification of the memoranda of understanding (MOUs) for Bargaining Units (BU) 9 (Professional Engineers) and 10 (Professional Scientists). These agreements impact approximately 10,782 full-time equivalent employees in BU 9, and 3,304 full-time equivalent employees in BU 10.

**Existing law:**

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e. bargaining units) regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative must be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analyses of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment) are entitled to an employer contribution for retiree health care equal to 100% of the weighted average premium of the four health plans most highly utilized by all members. Dependents are eligible for a contribution based on 90% of the average additional premiums paid for dependents during the benefit year in which the formula is applied. This is referred to as the 100/90 formula.
- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan. Since these plans may be cheaper than non-Medicare (or "Basic" plans), thus resulting in some portion of the employer contribution going unused, current law requires that any unused portion of the 100/90 formula contributions may be applied to reimburse retirees for the costs of Medicare Part B premiums. These reimbursements are made in the form of an additional payment to

the retiree on the retirement warrant up to the cost of the Part B premium. Whether or not a retiree receives the Medicare Part B reimbursement in full or in part depends upon the cost of that retiree's health plan.

- 8) Provides that most state employees (those hired after 1985 or 1989, depending on class) must work for 10 years to receive 50% of the 100/90 formula, with an additional 5% per year of service until, after 20 years, they are vested to receive 100% of the 100/90 formula. Individuals hired prior to 1985 or 1989 could be subject to either five year or 10 year vesting for full coverage of the 100/90 formula.
- 9) Provides that retirees who were covered in certain bargaining units while actively employed will receive an employer retiree health contribution based on the 80/80 formula (i.e., 80% of the weighted average premium of the four health plans most highly utilized by all members).
- 10) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

**Proposed Law:** This bill approves the MOUs between the state and BU 9 and 10 for the duration of July 1, 2018 through June 30, 2020, and July 1, 2018 through July 1, 2020, respectively.

Employee Pension Contribution:

- 1) For BU 9, on July 1, 2019, current employee contribution rates would remain in effect unless CalPERS determines that: (a) the total normal cost rate for the 2016-17 fiscal year has increased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater than the current employee contribution rate.

If CalPERS determines (a) and (b) above have been met, the employee contribution rate would be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. The increase to the employee contribution shall not exceed 0.5 percent. Contribution increases pursuant to this section would remain in effect through June 30, 2020.

- 2) For BU 10, current employee contribution rates would remain in effect unless CalPERS determines that: (a) the total normal cost rate for the 2016-17 fiscal year has increased or decreased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater than or less than the current employee contribution rate.

After CalPERS determines that (a) and (b) above have been met, the employee contribution rate would be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent. Each year thereafter, it would only be adjusted if CalPERS determines the total normal cost rate increases or decreases by more than one percent of payroll above the total normal cost in effect at the time the employee contribution rate was last adjusted. The increase or decrease to the employee contribution in any given fiscal year shall not exceed one percent per year.

Beginning July 1, 2021, the employee contribution would return to the rate in effect July 1, 2018.

Post-Employment Benefits:

- 3) BU 9 and 10 employees first hired on or after January 1, 2019, would be subject to an extended vesting schedule for retiree dental benefits providing 50 percent of the employer contribution upon completion of 15 years of state service, increasing 5 percent for each additional year of service, until the employee is 100 percent vested at 25 years of state service.
- 4) For BU 10: After July 1, 2019, if it is actuarially determined that total normal costs increase or decrease by more than half a percent from the total normal cost contribution in effect at that time, the employer and employee contribution percentages for post-employment benefits would be increased or decreased, no sooner than July 1, 2020, to maintain a 50 percent cost-sharing of actuarially determined total normal costs. Beginning July 1, 2021, the employee contribution shall return to the rate in effect July 1, 2019.

Compensation for BU 9:

General Salary Increase (GSI)

- 5) Effective July 1, 2018, all BU 9 represented classifications would receive a four and one half percent GSI.
- 6) Effective July 1, 2019, all BU 9 represented classifications would receive an additional four percent GSI.

Pay Differentials

- 7) BU 9 employees with 20 or more years of state service would receive a longevity pay differential. This pay differential would be established on July 1, 2018, and would be phased in based on the following schedule:
  - a) Two percent on July 1, 2018, for employees with 20 or more years of state service.
  - b) Three percent on July 1, 2019, for employees with 21 or more years of state service.
  - c) Four percent on July 1, 2020, for employees with 22 or more years of state service.
  - d) Five and one half percent on July 1, 2021, for employees with 23 or more years of state service.
  - e) The above percentages are noncumulative.
- 8) Effective July 1, 2018, this bill would establish a monthly geographic pay differential of \$250 per month for all BU 9 employees whose worksite is located in Alameda, Marin, Santa Clara, San Francisco, or San Mateo.

Other Compensation

- 9) This bill would increase the annual uniform replacement credit from \$350 to \$700 for BU 9 employees at the California Department of Parks and Recreation.
- 10) This bill would increase the annual uniform replacement credit from \$380 to \$700 for BU 9 employees at the California Department of Forestry and Fire Protection.
- 11) Effective July 1, 2018, this bill increases the annual recruitment and retention incentive for Avenal, Ironwood, Calipatria, Centinela, and Chuckawalla Valley State Prisons from \$2,400 to \$2,600. This provision also establishes the same incentive for Pelican Bay, California Correctional Center, and High Desert State Prisons.
- 12) Effective July 1, 2018, this bill allows safety engineers employed by the California Department of Water Resources to be reimbursed for the application (\$160) and examination (\$350) fees associated with successfully completing the examination for Certified Safety Professionals administered by the Board of Certified Safety Professionals. This provision also allows reimbursement of the annual renewal fee (\$150).

Compensation for BU 10:

General Salary Increase (GSI)

- 13) Effective July 1, 2019, all BU 10 represented classifications would receive a five percent GSI.
- 14) Effective July 1, 2020, all BU 10 represented classifications would receive an additional five percent GSI.

Other Compensation

- 15) Effective the first day of the pay period following ratification, this bill would establish a monthly educational pay differential for employees that work in a BU 10 classification that requires possession of a master's or doctoral degree as a condition of employment. Classifications requiring a master's degree would receive two percent. Classifications requiring a doctoral degree would receive three percent.
- 16) Effective July 1, 2018, this bill would increase the annual recruitment and retention incentive for Avenal, Ironwood, Calipatria, Centinela, and Chuckawalla Valley State Prisons from \$2,400 to \$2,600. This provision also establishes the same incentive for Pelican Bay, California Correctional Center, and High Desert State Prisons.
- 17) Effective July 1, 2018, this bill would increase the diving pay differential from \$12 to \$25 per hour. This provision also changes from compensating for each diving hour, to all payable hours of the day of a dive.
- 18) Effective July 1, 2018, this bill would increase the annual uniform replacement allowance from \$450 to \$670.



19) Effective July 1, 2018, this bill would increase the biennial safety footwear reimbursement from \$200 to \$275.

Miscellaneous:

For BU 9, the MOU would:

20) Increase the number of Voluntary Personal Leave Program (VPLP) hours an employee may elect to receive while participating the VPLP. The prior contract only allowed 8 hours. Under the provisions of this bill, new employees have the option of 8 or 16 hours. This provision also establishes a VPLP cap of 240 hours.

21) Prohibit a furlough or mandated Personal Leave Program during the term of the agreement.

For BU 10, the MOU:

22) Makes licensed veterinarians working for the California Department of Food and Agriculture and the California Department of Fish and Wildlife, and staff toxicologists working at CDFW will be eligible to receive overtime while assigned to an Incident Command Structure Response.

23) Allows licensed veterinarians to receive up to 36 hours of continuing education leave every two years to attend courses directly related to maintaining a licensure or certification. This provision also requires the state to reimburse eligible employees up to \$1,000 per year to cover continuing education costs for tuition, registration fees, course related books, transportation, and mileage.

24) Business and Travel: Effective upon ratification, the state would agree to increase the lodging rate for San Francisco from \$150 to \$250, and Marin from \$90 to \$110.

25) Dependent Vesting: Removes the requirement that a new employee must work one year before receiving the full employer health contribution for dependents.

26) Eliminates the Emergency Pay Differential for veterinarians.

27) Prohibits a furlough or mandated Personal Leave Program during the duration of the agreement.

**FISCAL EFFECT:**

According to CalHR, BU 9's MOU results in the following costs:

- Fiscal Year 2018-19: \$92.7 million (\$2.9 million General Fund)
- Total Cost: \$263.7 million (\$8.4 million General Fund)

According to CalHR, BU 10's MOU results in the following costs:

- Fiscal Year 2018-19: \$1.1 million (\$235,000 General Fund)
- Total Cost: \$63.5 million (\$12.1 million General Fund)

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2017 - 2018 Regular

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<b>Bill No:</b>	AB 1833	<b>Hearing Date:</b>	August 28, 2018
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	August 24, 2018 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Anita Lee		

**Subject:** Employment

**Summary:** This bill makes changes and technical corrections associated with the public employment provisions adopted as part of the Budget Act of 2018.

**Background:** This bill makes amendments to statutory provisions that are necessary to implement the 2018 Budget Act. Specifically, this bill makes the following changes:

**Proposed Law:**

- 1) Requires the Department of General Services (DGS) to periodically review policies and procedures in the State Contracting Manual regarding reasonable accommodation purchases for state employees.

Additionally, this bill requires the DGS, in consultation with the Department of Human Resources and the Department of Rehabilitation, to post on its website a report on purchases of services, goods, information technology and telecommunication related to reasonable accommodations for state employees.

- 2) Clarifies that it is the policy of the state that qualified individuals with a disability shall be employed in state service or employment supported by public funds, under the same terms and conditions as the nondisabled pursuant to applicable state and federal law. This bill also modifies an existing Department of Human Resources reporting requirement, by requiring the department to include an annual evaluation of reasonable accommodation policies and practices.
- 3) Clarifies that the Kern County Hospital Authority and its employees shall not participate in the Kern County Employees Retirement Association if the board determines that their participation could jeopardize the association's tax-qualified status under federal law.
- 4) Specifies that the Controller, a public employer, an employee organization, or any of their employees, as defined, shall not be liable for, and would have complete defense to, specified claims regarding agency or fair share fees from current or former public employees. The bill also specifies that employees shall not have standing to pursue claims if fees were permitted prior to June 27, 2018.
- 5) Appropriates \$1.37 million in federal funds to expand and support apprenticeship activity.

**Fiscal Effect:** This bill appropriates \$1.37 million in federal funds.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1840 **Hearing Date:** August 28, 2018  
**Author:** Committee on Budget  
**Version:** August 27, 2018 As amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Elisa Wynne and Anita Lee

**Subject:** Education finance

**Summary:** This bill provides for clarifying changes and technical corrections associated with changes to education programs adopted as part of the Budget Act of 2018.

**Background:** The 2018 Budget Act included various changes to education programs; AB 1840 makes amendments and corrections to statutory provisions that are necessary to implement the 2018 Budget Act.

Additional amendments to this bill specify the following for school districts with emergency apportionment loans as of July 1, 2018 (Oakland Unified, Inglewood Unified, South Monterey County Joint High School, and Vallejo Unified) when selling or leasing surplus property, until the emergency loan is repaid:

- 1) Allow proceeds from the sale or lease of the surplus property to be used to reduce, retire, or service outstanding emergency apportionment loan debt, in addition to current law that allows the proceeds to be used for capital improvements, deferred maintenance, and other limited uses.
- 2) Exclude a district that uses the proceeds from the sale or lease of the surplus property to reduce, retire, or service outstanding emergency apportionment loan debt from applying for financial hardship assistance when seeking new construction or modernization funds under the School Facilities program.

These amendments remove and replace prior sections of the bill that also addressed conditions for the sale or lease of surplus property by school districts with emergency apportionment loans, including provisions requiring the property to be first offered at fair market value to charter school meeting specified requirements.

In addition, amendments require the Fiscal Crisis Management Assistance Team (FCMAT) to review the ineffectiveness of the county superintendent responsible for resolving the financial problems of the school district in financial distress. They also require the county office of education to demonstrate how they are going to remediate those deficiencies.

**Proposed Law:** Specifically, this bill makes the following changes:

K-12 Education:

- 1) Provides \$21.146 million in one-time Proposition 98 funds for the California School Finance Authority to support the Charter School Facility Grant Program. This appropriation was excluded in error from the prior education trailer bill (AB 1808 [Committee on Budget], Chapter 32, Statutes of 2018).
- 2) Provides an extension for the installation of operational child safety alert systems by local education agencies (LEAs) in school buses and other specified vehicles that transport children until on or before March 1, 2019. Under current law LEAs are required to install these devices in qualifying vehicles by the beginning of the 2018-19 school year. Due to a variety of factors, many LEAs have not been able to install the devices in time to meet the current deadline. Provides for an additional six month extension for LEAs with enrollment under 4,000. Includes Legislative intent that vehicles that transport children with exceptional needs receive priority for installation of devices and to provide no additional extensions.
- 3) Includes the following changes related to school districts in financial distress:
  - a. For the 2018-19 fiscal year, requires Oakland Unified School District to develop short and long term financial plans and update school district facilities plans aligned with their plans for fiscal solvency. Requires Inglewood Unified School District to meet the requirements for qualified or positive certification and complete comprehensive operational reviews of the district, as specified.
  - b. For the 2019-20 fiscal year, the Governor's January Budget will include an appropriation for the Oakland Unified School District and Inglewood Unified School District, if the specified requirements for 2018-19 are met. Specifies that funds will be allocated to the Oakland Unified School District and Inglewood Unified School District, if specified benchmarks are met each year, in the following amounts:
    - i. For the 2019-20 fiscal year, up to 75 percent of the school district's projected operating deficit.
    - ii. For the 2020-21 fiscal year, up to 50 percent of the school district's projected operating deficit.
    - iii. For the 2021-22 fiscal year, up to 25 percent of the school district's projected operating deficit.
  - c. Requires the Fiscal Crisis Management Assistance Team (FCMAT), with concurrence of the appropriate county office of education, to certify to Legislature and the Department of Finance (DOF) that specified benchmarks have been met prior to allocating the state funding. Also requires FCMAT to report to the Legislature and DOF on the district's progress in meeting the benchmarks included in the prior year Budget Act by March 1<sup>st</sup> of each year, until March 1, 2021.
  - d. Assigns authority to appoint a trustee or state administrator for school districts in fiscal distress to the school district's county superintendent, the State Superintendent of Public Instruction (SPI), and the president of the

State Board of Education (SBE). Currently, the SPI has sole authority to appoint a trustee or administrator. Requires that the trustee or administrator be selected from a list vetted by or recommended by FCMAT.

- e. Requires the appointed administrators to serve under the supervision and direction of the county superintendent, in concurrence with the SPI and the president of the SBE, as specified. Currently, the SPI assumes the authority and rights of the governing board of the school district, and supervises and directs the administrator.
  - f. Automatically qualifies school districts in state receivership for state intervention within the K-12 school accountability system, to allow school districts in receivership to access technical assistance for student performance and district management from the California Collaborative for Educational Excellence (CCEE). If the CCEE provides assistance to the school district, requires the CCEE to conduct a systemic review of the school district and coordinate additional assistance under the statewide system of support.
  - g. Requires FCMAT to do an annual progress review of: (1) the fiscal recovery of school districts in state receivership, and (2) the effectiveness of county office of education oversight. Additionally, requires annual audits of school districts that receive emergency apportionments to be performed by entities on the State Controller-approved list of auditing firms.
- 4) Includes the following changes in order to increase fiscal transparency within the Local Control Accountability Plan (LCAP) and Annual Update:
- a. Requires the SBE to adopt a new template for the LCAP and Annual Update on or before January 31, 2020.
  - b. Requires the SBE to replace the existing expenditure tables within the "Goals, Actions and Services" section of the LCAP with a new summary table of planned expenditures for all actions for each goal included in the LCAP, broken out by fund source. Also requires the total overall expenditures to be broken out by personnel and non-personnel expenditures.
  - c. Requires the SBE to include a summary table within the "Demonstration of Increased or Improved Services" section of the LCAP that includes a summary of the actions and planned expenditures to increase or improve services for English learners, low-income and foster youth students. Requires the planned expenditures to be grouped by expenditures provided to students on a districtwide, countywide or charterwide basis, expenditures targeted to one or more student subgroups, and expenditures targeted at specific school sites.
  - d. Requires the SBE to specify in the instructions of the LCAP and Annual Update template that local educational agencies are encouraged to prioritize their goals, actions and related expenditures within the eight state priorities. Specifies that the instructions shall require local

educational agencies to consider performance on the California School Dashboard in determining how to prioritize goals, actions and expenditures within the LCAP and Annual Update. Requires local educational agencies to continue to report and track progress on the metrics for all state priorities.

- e. Requires the SBE to specify in the instructions of the LCAP and Annual Update template that local educational agencies that have numerically significant English learner students must report progress on metrics and include actions and services for English learners in the LCAP and Annual Update.
  - f. Requires the LCAP and Annual Update template adopted by SBE to use language that is understandable and accessible to parents.
  - g. Requires school districts and county offices of education to post prominently on the homepage of their website their approved LCAP.
  - h. Consolidates all the LCAP and Annual Update template requirements into a single section in statute.
  - i. Updates relevant sections related to charter schools to clarify that charter schools must also use the updated template adopted by the SBE.
  - j. Provides a limited exemption for the SBE to make the necessary changes to the LCAP and Annual Update template required in this bill without going through the Administrative Procedures Act requirements.
  - k. Updates references to outdated assessments included in the metrics for the state priorities included in the Local Control Funding Formula.
  - l. Provides \$200,000 in one-time Proposition 98 funds for the San Joaquin Office of Education to support updating the Local Control and Accountability Plan Electronic Template system to reflect changes in this bill.
- 5) Extends the liquidation period of one-time funding provided for the Local Solutions Grant Program from June 30, 2026 to June 30, 2028. Extends the annual report period from three to five years after the receipt of a grant to align with the allowable use of grant funding for service scholarships, signing bonuses, and student debt obligations provided the teacher works at the school for 4 years in a 5 year period.
- 6) Removes a reference to the Local Educational Agency Medi-Cal Billing Option program from statute that requires the allocation of one-time discretionary funds to school districts in 2018-19 to be reduced by claim disallowances owed by school districts. This change reflects federal audit findings that no longer require school districts to repay these claims. Statute continues to specify that one-time discretionary funds allocated to school districts in 2018-19 will be reduced by claim disallowances owed under school-based Medi-Cal administrative activities.



- 7) Clarifies that the extension, through 2018-19, of a hold harmless for the impact of average daily attendance reductions associated with the 2017 wildfires is limited to school districts where no less than 5 percent of residences within the school district or school district facilities were destroyed.
- 8) Amends the Classified School Employees Summer Bridge Program to support implementation of the program, including: 1) removing a reference to 2020 (instead the program will be operational while funding is available), 2) specifying that LEAs shall deposit paycheck withholdings into a separate account, and 3) specifying that the definition of a classified school employee is a full-time equivalent of classified staff as reported in the California Basic Educational Data System.
- 9) Removes references to student assessment statutes that are related to the administration of the California English Language Development Test (CELDT) and removes required reporting that is no longer relevant. The CELDT has been replaced with a new assessment, the English Language Proficiency Assessment for California (ELPAC).
- 10) Specifies that the definition of a classified school employee is a full-time equivalent of classified staff, as reported in the California Basic Educational Data System, for purposes of the Classified School Employee Professional Development Block Grant Program.
- 11) Corrects the appropriation for the After School Kids Code Grant Program to reflect the correct fiscal year.

#### Higher Education:

- 1) Clarifies the membership of the Community College Success Funding Formula Oversight Committee, and designates 12 members, with 4 members to be appointed by the Senate and Assembly each, and 4 members appointed by the Governor.

The committee shall review and make recommendations by January 1, 2020 on the inclusion in the supplemental allocation of the funding formula of first generation college students, the definition of low-income to reflect students in regions with high cost of living, and incoming students level of academic proficiency. The committee shall also review and make recommendations by June 30, 2021 on non-credit instruction and instructional service agreements, and how districts' allocations could be adjusted if a recession occurs. The committee will sunset on January 1, 2022.

- 2) Makes clarifications to the Community College Student Equity and Achievement Program. The bill authorizes the Board of Governors to require districts to provide a local match for the program, as well as require the Chancellor's Office to provide guidance regarding eligible expenditures and activities, as well as integrated planning to help eliminate achievement gaps. Additionally, the bill requires colleges to annually report to the chancellor's office by January 1 on how funding was spent in the prior year, and an assessment of progress in

boosting student achievement. Additionally, the bill requires the Chancellor's Office to submit a system wide report by April 1, annually, to summarize the district reports.

- 3) Authorizes the University of California to provide services, benefits and other forms of assistance to further all students' education success.
- 4) Adjusts the appropriation for professional development for classified employees, with \$45 million Proposition 98 General Fund for the department of education, and \$5 million Proposition 98 General Fund one-time for the community college Chancellor's Office. The Chancellor's Office shall provide community college districts with guidance regarding expenditure of funds.

**Early Education and Child Care:**

- 1) Clarifies that increases in reimbursement rate adjustment factors for child care and state preschool programs, specifically for infants, toddlers, children with exceptional needs, and severely disabled children, will be effective as of January 1, 2019.

**Fiscal Effect:** This bill appropriates funding for K-14 education programs, totaling approximately \$21.3 million.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1843 **Hearing Date:** August 28, 2018  
**Author:** Committee on Budget  
**Version:** August 23, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** James Hacker

**Subject:** State government

**Summary:** This bill makes statutory changes necessary to implement the Budget Act of 2018. Specifically, this bill makes changes that impact the Department of Housing and Urban Development, the Department of Transportation, the Government Operations Agency, and local transit agencies.

**Proposed Law:** This bill makes the following statutory changes:

- 1) **Department of Housing and Urban Development.** Authorizes the Department to charge ongoing monitoring fees to recipients of loans from the Housing for a Healthy California program, and to deposit the collected fees into the Housing Rehabilitation Loan Fund. These fees would support long-term monitoring activities to ensure projects funded through the Housing for a Healthy California program remain consistent with the requirements of that program.
- 2) **Department of Transportation.** Allows a state or local agency, or a school district or community college district, that awards a public works contract under an emergency no-bid procedure to notify the Department of Industrial Relations of the award within 30 days of the award of the contract, or by the last day on which a contractor is employed under the contract, whichever is sooner. Requires a worker employed by an unregistered contractor, as defined, on a public works project affected by a work stoppage order issued by the Labor Commissioner to be paid by their employer at the prevailing wage rate for any time lost due to a work stoppage for up to ten days, consistent with other sections of the Labor Code.
- 3) **Government Operations Agency.** Exempts contracts related to the 2020 Census from certain contracting requirements to expedite contract execution.
- 4) **Local Transit Agencies.** Extends, from January 1, 2019 to January 1, 2021, the deadline for repayment of state cash flow loans made to local transit agencies in 2013 to backfill delayed federal grant funds.

**Fiscal Effect:** This bill would continuously appropriate monitoring fee revenue deposited into the Housing Rehabilitation Loan Fund for long-term monitoring activities.

**Support:** None of file.

**Opposed:** None on file.

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