



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

SENATOR HOLLY J. MITCHELL, CHAIR

**MAJOR ACTIONS REPORT**  
May 29, 2018

The purpose of this Major Actions Report is to provide a review of the budget proposal recommended by the Senate Budget and Fiscal Review Committee on May 22, 2018. If you have additional questions, please contact the committee at (916) 651-4103.

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## Overview of the Senate 2018-19 Budget

### Introduction

This document provides a high-level summary of major actions that are included in the Senate's version of the 2018-19 budget, as adopted by the Senate Committee on Budget and Fiscal Review on May 22, 2018. The actions the committee approved on that date, combined with actions taken in over 60 subcommittee hearings, comprise the Senate's version of the 2018-19 budget. The Senate's budget plan carefully balances the need for additional public investment in education, health care, human services, public safety and justice, and other state programs with the necessity of maintaining the state's fiscal stability through fully funding the rainy day fund at its constitutional limit and creating a new safety net reserve. Overall, the Senate's budget plan is structured so that it:

- Continues to strengthen California's ability to mitigate an economic downturn.
- Recognizes costs of inflation in budget forecasts.
- Prioritizes investments in critical state programs and infrastructure.
- Highlights fighting homelessness and poverty and supporting higher education and K-12 education.

The Senate's budget will continue our ongoing commitment to California's residents by strengthening the state's investments in public programs and services. Last year, the Senate, along with our colleagues in the Assembly, advocated for, and were successful in establishing investments in health care, child care, immigrant services, measures that fought poverty, and college affordability.

In 2018-19, the Senate is poised to continue its push to rebuild and enhance state programs and services, some of which have still not recovered from the deep economic downturn. With this budget package, we commit additional funding to address critical needs of our state – with significant investments in social service programs and to combat homelessness, resources to keep college affordable and ensure there are slots for California students, additional funds for the courts, a significant increase to K-14 education, resources for fire response and mitigation, and additional funding to improve access to healthcare services.

The Senate's plan adopts the Legislative Analyst's revenue estimates for the General Fund, and their prudent property tax estimates. It retains the Administration's plan to fully fund the constitutional maximum level Budget Stabilization Account (BSA) reserve and debt pay-down schedule. The Senate's budget is structured to continue to be responsible with California's fiscal planning and resiliency, be honest in reflecting true costs of vital programs, make progress in investing in programs and services that the people of California rely upon.

**Overall Resources, Expenditures and Reserves**

The General Fund budget summary for the Senate's budget plan, compared to the Governor's May Revision, is as follows:

**Senate 2018-19 Budget  
General Fund Summary  
(Dollars in Millions)**

	<u>May Revision</u>		<u>Senate Version</u>	
	<u>Revised</u>	<u>Proposed</u>	<u>Revised</u>	<u>Proposed</u>
	<u>2017-18</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2018-19</u>
<b>Prior Year Balance</b>	<b>\$5,673</b>	<b>\$8,452</b>	<b>\$5,148</b>	<b>\$7,770</b>
Revenues and Transfers	132,522	137,870	134,215	139,314
Transfer to Safety Net Reserve				-1,000
Transfer to Budget Stabilization Account	-2,697	-4,357	-4,660	-2,538
<b>Total Resources Available</b>	<b>\$135,498</b>	<b>\$141,965</b>	<b>\$134,703</b>	<b>\$143,546</b>
Non-Proposition 98 Expenditures	73,665	82,537	73,715	85,167
Proposition 98 Expenditures	53,381	55,025	53,219	54,529
<b>Total Expenditures</b>	<b>\$127,046</b>	<b>\$137,562</b>	<b>\$126,934</b>	<b>\$139,696</b>
<b>Fund Balance</b>	<b>\$8,452</b>	<b>\$4,403</b>	<b>\$7,770</b>	<b>\$3,851</b>
Reserve for Liquidation of Encumbrances	1,165	1,165	1,165	1,165
Special Fund for Economic Uncertainties	7,287	3,238	6,605	2,686
<b>Safety Net Reserve</b>				<b>1,000</b>
<b>Budget Stabilization Account</b>	<b>\$9,410</b>	<b>\$13,767</b>	<b>\$11,373</b>	<b>\$13,911</b>

The Senate's budget includes total General Fund expenditures of \$139.7 billion for 2018-19, an expenditure level which is approximately \$2.1 billion above the May Revision proposal. Although the Senate's plan includes additional General Fund spending, it also deposits the largest share of increased revenue across the forecast into reserves. The BSA is projected to have a year-end reserve of \$13.9 billion, the Special Fund for Economic Uncertainties \$2.7 billion, and the new Safety Net Reserve \$1 billion, for a total reserve of approximately \$17.6 billion in 2018-19.

The Senate's plan adopts the Legislative Analyst's Office's revenue assumptions for 2018-19 of \$139.3 billion, and the Legislative Analyst's Office's higher property taxes (approximately \$650 million over 2017-18 and 2018-19), which partially offset Proposition 98 General Fund spending. In addition to increased reserves, the Senate's plan continues to pay down long-term and budgetary debt. The new Safety Net Reserve that is created as part of the Senate's plan will provide another layer of protection for programs that often are in greatest demand during difficult budget times.

## **Principal Budget Components**

In the Senate's plan, there are significant and substantial investments in various areas of the budget:

### **K-12 Education**

- Provides \$4 billion in total for implementation of the Local Control Funding Formula (LCFF), bringing LCFF to 101.6 percent of full funding.
- Appropriates \$1 billion in one-time discretionary funding for K-12 education in the 2018-19 fiscal year. Local Education Agencies (LEAs) may use these funds for any purpose; however, legislative intent language suggests that LEAs use funds to continue to invest in implementing state adopted academic content standards, upgrading technology, providing professional development, supporting beginning teacher induction and addressing deferred maintenance projects.
- Provides \$150 million in one-time Proposition 98 funding for a Low-Performing Students Grant for increasing the performance of students (excluding subgroups otherwise identified for additional funding under LCFF or receiving funding on a per-pupil basis) who are identified as low-performing on state English Language Arts and mathematics assessments.

### **Higher Education**

- Increases funding for the University of California by an additional \$119 million General Fund above the Governor's January base budget increase of \$92 million. The increased funding is primarily for enrollment growth and to maintain current tuition levels.
- Provides the California State University \$226 million General Fund above the Governor's January proposal of \$92.1 million. This funding is intended to support enrollment growth, the Graduation Initiative, and compensation expenses.
- Approves the Governor's proposal to provide \$120 million Proposition 98 General Fund (\$20 million ongoing and \$100 million one-time) to support the online community college. The Senate made significant modifications to the Governor's proposal by establishing a 10-year sunset date, prohibiting the college from charging higher fees than a traditional community college, and strengthening the role of the advisory council, among other changes.

### **Transportation and Energy**

- Approves \$1.8 billion in local and capital funding, as well as 400 maintenance-focused positions at Caltrans, to continue the implementation of the Road Repair and Accountability Act. These resources will allow Caltrans to continue to deliver on the "Fix it First" strategy the department committed to upon passage of the Act, and to ensure that funding reaches projects as quickly as possible.
- Approves \$359 million in Local Assistance and \$29.7 million in State Operations funding in 2018-19, all from the Universal Telephone Service Trust Administrative Committee Fund, for the California LifeLine Program.

### **Natural Resources, Environmental Protection and Agriculture**

- Invests \$96 million for various departments in the Natural Resources Agency to: (1) increase pace and scale of forest management and restoration efforts; (2) build local capacity and strengthen regional collaborations; and (3) innovate and increase economies around the use of materials in forest health projects.
- Provides \$95 million for the purchase of new helicopters to replace CalFire's current Vietnam-era helicopters.
- Approves \$1 billion in Proposition 68 bond funds for the first year of implementation if voters approve the initiative on the June ballot, including, amongst other investments, funding to support coastal and ocean health, the Salton Sea management plan, and flood improvement projects.
- Provides \$19.6 million General Fund, one-time, to address the structural deficit in the Fish and Game Preservation Fund, as well as \$4 million General Fund for the department to contract for a Service-Based Budgeting audit with an outside contractor.
- Includes a \$2.9 billion Cap-and-Trade Expenditure Plan focused on mobile source emission, agriculture, and forestry programs.

### **Health**

- Provides \$300 million in Proposition 56 revenue for supplemental payments to achieve Medicare-level reimbursement rates for pediatric primary care services, consistent with a similar, time-limited increase provided by the Affordable Care Act for all primary care services.
- Approves \$75 million General Fund in 2018-19 and \$150 million General Fund annually thereafter to provide Medi-Cal coverage for income-eligible individuals ages 65 and over, regardless of immigration status, effective January 1, 2019.

### **Human Services**

- Provides an increase to California Work Opportunity and Responsibility to Kids (CalWORKs) grants to keep children and families out of deep poverty, which is considered to be below fifty percent of the Federal Poverty Level. Costs are phased in over several years, beginning with an estimated \$400 million in 2018-19 and growing to \$1.5 billion by 2021-22.
- Includes the restoration of inflation adjusters in the Supplemental Security Income/State Supplemental Payment (SSI/SSP) and CalWORKs programs beginning January 1, 2019, and annually thereafter.
- Includes the creation of a Safety Net Reserve, and Medi-Cal and CalWORKs subaccounts within the reserve. The Senate's action deposits \$1 billion into the CalWORKs subaccount, and directs the Department of Finance to work with the Legislative Analyst's Office to determine a methodology to calculate how future caseload savings will be deposited into this subaccount and potentially other subaccounts for other safety net programs.

### **Public Safety and Justice**

- Includes \$100 million General Fund to support measures to reduce the high rate of recidivism among youth and adult offenders who serve time and to divert at-risk populations away from state prisons. Among these measures is a proposal to enhance reentry and diversion efforts across California.
- Approves the Governor's proposal to spend \$105.8 million General Fund annually for three fiscal years, beginning in 2018-19 so that the California Correctional Health Care Services can implement the expansion of the Hepatitis C Virus (HCV) treatment program. This funding will result in a total budget of \$165 million for HCV treatment in 2018-19.
- Appropriates \$7.7 million General Fund in 2018-19, \$6.3 million General Fund ongoing, and provides 12.4 positions, to operate a Firefighter Training and Certification Program for ex-offenders at the Ventura Conservation Camp in Ventura County. Recognizing the barriers to reentry and obtaining employment upon completion of the program, the Senate modified the proposal by adopting placeholder trailer bill language that ensures all participants obtain a high school diploma or GED equivalent prior to the program's completion.
- Approves an increase of \$188 million to support Judicial Branch operations and initiatives.
- Provides \$1.3 billion of General Fund-backed lease revenue bonds to complete construction on ten courthouse projects in 2018-19 and 2019-20.

### **Additional Statewide Issues**

- Modifies the Governor's proposal to transfer \$630 million General Fund to the State Project Infrastructure Fund (SPIF) by approving a \$200 million transfer to the SPIF per year for four years. This would result in a total investment of \$800 million being added to the SPIF. Funding in 2018-19 will come from the General Fund, and funding in the three following years will come from Proposition 2 funds.
- Provides \$1.067 billion (\$1.06 billion General Fund and \$7 million Motor Vehicle Account) for deferred maintenance projects across various state agencies. The Senate also adopted language to increase accountability and oversight of the process.
- Provides \$134 million General Fund to cover costs for the replacement of voting systems throughout the state. The Senate approved an additional \$2 million General Fund to provide funding for the Office of Elections Cybersecurity.
- Approves a five-year extension of the California Competes Tax Credit program at \$180 million per year through the 2022-23 fiscal year to ensure that California retains this vital program in order to continue to attract, expand, and retain businesses in California.
- Approves an expansion of the Earned Income Tax Credit to working individuals who are ages 18 to 24 or over age 65. In addition, the expands the qualifying income range for the credit so that employees working up to full-time at the 2019 minimum wage of \$12 per hour would qualify for the credit.

- Adopts a comprehensive funding package for housing and homelessness programs. The package provides \$5 billion in funding over four years.
- Approves trailer bill language to place the No Place Like Home program on the ballot for the November 2018 statewide general election.



## K-12 EDUCATION

The Senate approved an overall architecture for funding education based on the Legislative Analyst's Office revenue and property tax estimates and made significant investments in the K-12 education area. Specifically, the Senate's plan funds K-14 education at the 2018-19 Proposition 98 guarantee level of \$78.4 billion. In addition, the Senate funds the Proposition 98 minimum guarantee levels of \$75.6 billion and \$71.6 billion in 2016-17 and 2017-18 respectively. The Senate plan also provides \$100 million in settle-up payments that count towards the Proposition 98 minimum guarantee in 2009-10.

In K-12 education, the Senate continues to prioritize increasing funding for schools through the Local Control Funding Formula (LCFF), fully funding the formula and then increasing it by \$1.1 billion over the Governor's Budget proposal. The Senate also provides approximately \$1 billion in one-time discretionary funds for local educational agencies (LEAs) that also reduces the amount of K-12 unpaid mandate claims. In addition, the Senate funds grants for low-performing students, professional development needs, and creates a program to assist classified employees during the summer months. Finally, the Senate recognizes the needs of our youngest children and their families and continues to increase investments in providing accessible child care.

### K-12 EDUCATION

The Senate allocates additional resources to existing K-12 programs and makes some targeted investments in priority areas with one-time funding.

- **Local Control Funding Formula.** The Senate provides \$4 billion in total LCFF implementation funding. With these additional resources, the LCFF is 101.62 percent of fully funded. LCFF funding provides the bulk of unrestricted resources for LEAs to support their various program and student needs.
- **One-Time Discretionary Funding.** The Senate appropriates \$1 billion in one-time discretionary funding for K-12 education to be allocated in the 2018-19 fiscal year. LEAs may use these funds for any purpose, however legislative intent language suggests that LEAs use funds to continue to invest in implementing state adopted academic content standards, upgrading technology, providing professional development, supporting beginning teacher induction and addressing deferred maintenance projects. These funds would continue to offset outstanding mandate reimbursement claims, although the amount each LEA receives will be adjusted to account for any outstanding balances LEAs have related to Medi-Cal billing practices.
- **Low Performing Students Grant.** The Senate provides \$150 million in one-time Proposition 98 funding for a Low-Performing Students Grant for increasing the performance of students (excluding subgroups otherwise identified for additional funding under LCFF or receiving funding on a per-pupil basis) that are identified as low-performing on state English Language Arts and mathematics assessments. Grantees must provide a description of an evidence-based expenditure plan to accelerate increases in achievement for these students, including how this plan aligns with goals in the Local Control and Accountability Plan.

- **Classified Employees Professional Development.** The Senate provides \$50 million in one-time Proposition 98 funds for the Classified School Employees Professional Development Block Grant. Funds are to be distributed based on the number of classified school employees by a LEA in the immediately prior fiscal year. Funds may be used for any professional development purposes in Education Code Section 45391, with priority for professional development related to school safety plans.
- **Classified Employees Summer Furlough Fund Program.** The Senate provides \$50 million in one-time Proposition 98 funds for the Classified School Employees Summer Furlough Fund Program. Under this five-year program, eligible classified employees may have up to ten percent of their paychecks withheld. An LEA shall provide participating classified school employees the amounts withheld from their paychecks, plus a 1-to-1 match drawn down from the state's furlough fund, during the summer recess period.
- **Statewide System of Support.** The Senate includes a total of \$79.3 million in ongoing Proposition 98 funds to support the statewide system of support for struggling LEAs. Of this, \$53.8 million is for county offices of education (COEs) to support districts in their counties; \$14 million is for COE and Special Education Local Plan Area (SELPA) lead agencies to build capacity across the system, and \$11.5 million is for the operations of the California Collaborative for Educational Excellence for ongoing professional development activities, support of lead agencies, and direct technical assistance to LEAs.
- **Special Education Teacher Residency Grant Program.** The Senate includes \$50 million in one-time Proposition 98 funding to support locally sponsored one-year intensive mentored, clinical teacher preparation programs aimed at preparing and retaining special education teachers. The Commission on Teacher Credentialing would administer the program which would result in up to 2,500 new special education teachers.
- **K-12 Strong Workforce Program.** The Senate includes \$214 million in ongoing Proposition 98 funds to create a K-12 component of the Strong Workforce Program. Under this program, \$200 million of ongoing funds would be available for grants to LEAs, as determined through existing Strong Workforce consortia. The remaining funds are available for the provision of technical assistance. The Senate included a requirement that 50 percent of grant funds are for Career Technical Education (CTE) courses linked to regional workforce needs, and 50 percent are available for other types of CTE courses.
- **Student Enrichment Grants.** The Senate includes \$75 million in one-time federal Title IV funds to establish a competitive grant program, administered by the Department of Education in accordance with the federal law, to allow local education agencies, including charter schools, to apply for funding for any of following purposes: 1) Providing visual and performing arts education, 2) establishing community partnerships to provide nutrition, health, and early education services for students, and 3) providing school based mental health services to promote a safe and supportive learning environment.
- **Multi-Tiered Systems of Support (MTSS).** The Senate includes \$15 million one-time Proposition 98 funding to expand upon past investments in MTSS to build and disseminate statewide resources specifically focused on improving school climate.

- **Community Engagement Initiative.** The Senate includes \$13.3 million one-time Proposition 98 funding to create the Community Engagement Initiative program. This program will build the capacity of communities, school districts, and county offices of education to engage more effectively with each other, specifically in the development of the local control and accountability plan, with a focus on improving student outcomes.
- **K-12 School Facilities.** The Senate adopted trailer bill language to require the Office of Public School Construction to process a minimum of \$1.5 billion worth of applications each fiscal year, through June 2023, for projects authorized through The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) for apportionment by the State Allocation Board.

## **CHILD CARE AND EARLY EDUCATION**

The Senate continues to prioritize providing access to high-quality child care for children and their families. The Senate's plan includes the adoption of the Governor's proposals to fund 2018-19 rate and slot increases that were agreed to as part of the 2016-17 budget, as well as any proposed caseload-related changes. The Senate also funded additional slots and rate adjustments, including the following:

- \$215 million (\$110 million in 2018-19, growing to \$215 million in 2019-20) in ongoing General Fund to increase Alternative Payment Provider Slots (vouchers).
- \$72 million ongoing General Fund to reflect an increase in adjustment factors for infants, toddlers, children with exceptional needs, and severely disabled children. The infant rate adjustment factor would be increased from 1.7 to 2.44 and the toddler rate adjustment factor from 1.4 to 1.8. In addition, the adjustment factor for children with exceptional needs would be increased from 1.2 to 1.54 and the adjustment factor for severely disabled children would be increased from 1.5 to 1.93.
- \$106 million in federal Child Care and Development Block Grant funding to increase child care slots (\$50 million for General Child Care and \$56 million for Alternative Payment Providers.)

The Senate also took action to:

- Increase the hourly rate for license-exempt child care providers to approximately 70 percent of the hourly rate for licensed providers.
- Convert the remaining funds (approximately \$27 million currently available) in the Child Care Facilities Revolving Fund to a grant program for the renovation and repair of facilities.
- Provide up to \$100 million in federal Child Care and Development Block Grant funding for the state to comply with federal child care program requirements.
- Provide \$10 million in one-time federal Child Care and Development Block Grant quality funds to create a pilot program for county offices of education to support the inclusion of children with special needs in child care and early education.

## HIGHER EDUCATION

The Senate expands upon the Governor's efforts to reinvest in California's colleges and universities by providing additional funding to increase access to and success at the state's higher education institutions.

### University of California (UC)

- **Enrollment Growth and Tuition.** The Senate approved an additional \$119 million General Fund above the Governor's January base budget increase of \$92 million. Of the \$119 million, the Senate approved the following:
  - \$70 million General Fund to buy out the proposed tuition increase,
  - \$25 million General Fund to support previously enrolled students,
  - \$19 million to enroll 2,500 more resident undergraduate and graduate students in 2018-19, as compared to 2017-18, and \$5 million to enroll 500 new resident undergraduates in 2019-20.

In addition, the Senate adopted supplemental reporting language for UC to report to the Legislature by April 1, 2019 on a plan to gradually reduce the enrollment of nonresident freshman students, starting in fall 2020, to no more than 10 percent of the freshman class at every campus by 2029-30.

- **Graduate Medical Education.** The Senate provided \$90 million General Fund for UC (\$50 million for 2017-18, and \$40 million for 2018-19 and ongoing), and approved the Governor's budget proposal of \$40 million Proposition 56 General Fund to increase the number of primary care and emergency physicians trained in California. The Senate also adopted reporting requirements regarding the spending plans, outcomes, and grant recipients.

In addition to funding for primary care and emergency physicians, the Senate also modified the Governor's May Revision proposal to provide \$55 million one-time General Fund to support a cohort of psychiatric residents serving health professional shortage areas or medically underserved areas in rural portions of the state. Of this funding, \$40 million is for direct medical education costs at UC medical centers and medical schools without medical centers, and \$15 million for a grant program to increase psychiatry residents serving health professional shortage areas or medically underserved areas in rural portions of the state that have a demonstrated workforce need. The Senate also adopted report requirements regarding spending plans, outcomes, and grant recipients.

- **Mental Health Services.** The Senate provided \$25 million one-time General Fund for UC to provide direct mental health services to students.

- **Undocumented and Immigrant Legal Services.** The Senate provided \$4 million one-time General Fund for UC to continue to provide legal services for undocumented and immigrant students.
- **Institute on Global Conflict and Cooperation.** The Senate approved the Governor's May Revision proposal to provide \$1 million in ongoing General Fund to support the operations of the institute, which is located at UC San Diego.
- **Anti-Bias Training.** The Senate approved the Governor's May Revision proposal to provide \$1.2 million General Fund on a one-time basis to contract for a two-year pilot program to provide anti-bias training at campuses of the UC and the California State University. These funds are intended to create a more inclusive campus environment and prevent hate. Of this funding, \$200,000 is for UC to administer the grant.
- **UCPath.** The Senate approved the Governor's May Revision proposal to allow UC to charge a supplemental assessment of up to \$15.3 million total to campuses to support UCPath, which is UC's program to implement a single payroll, benefits, human resources and academic personnel solution for all UC employees.

### Hastings College of Law

- **Base Augmentation and UCPath.** The Senate approved the Administration's proposal to provide Hastings with a \$1.1 million General Fund base increase, and \$1.5 million General Fund for one-time implementation costs associated with the UCPath project over a two-year period (2018-19 and 2019-20).
- **Diversity Pipeline.** The Senate provided \$4.5 million one-time General Fund over four years for scholarships to cover tuition and the majority of living costs of nine California residents from historically black colleges and universities, and three California residents who graduated from the American University in Armenia for their three years at UC Hastings. These scholarships would be available for two cohorts of students, for a total of 24 students, who must also meet Hastings admissions requirements.

### California State University (CSU)

- **Base budget.** The Senate approved an additional \$226 million General Fund above the Governor's January proposal of \$92.1 million for the following purposes:
  - \$61 million ongoing General Fund for mandatory costs, including compensation,
  - \$89.5 million ongoing General Fund for a three percent enrollment increase (10,923 full-time equivalent students),
  - \$75 million ongoing General Fund for the Graduation Initiative, along with requirements for CSU to report to the Legislature by January 15, 2019, on how campuses spent the funds, how actions are linked to best practices, and efforts by each campus to close the achievement gap. The Senate also adopted language specifying that \$50 million of CSU's base funding is intended to increase the number of tenure-track

faculty pursuant to the Graduation Initiative. Additionally, CSU must report on how many tenure-track faculty were hired, among other data.

- **Mervyn Dymally Institute.** The Senate appropriated \$665,000 General Fund ongoing to support the institute.
- **Undocumented and Immigrant Legal Services.** The Senate provided \$7 million one-time General Fund for CSU to contract with approved providers via One-California to provide legal services to students on campus.

### California Community Colleges

- **Online College.** The Senate approved the Governor's proposal to provide \$120 million Proposition 98 General Fund (\$20 million ongoing and \$100 million one-time) to support the online community college. The Senate made significant modifications to the Governor's proposal by establishing a 10-year sunset date, prohibiting the college from charging higher fees than a traditional community college, and strengthening the role of the advisory council, among other changes.

In addition, the Senate provided \$44 million one-time Proposition 98 funding to the Online Education Initiative (OEI) to establish competitive sub-grants for traditional community college districts to develop content and classes and professional development for faculty. The Senate's action also requires the Chancellor's Office to conduct a review of the process used to calculate noncredit rates and to make recommendations to the Board of Governors on how that process may be modified to encourage the development and use of competency-based courses and programs.

- **Student Focused Funding Formula.** The Senate rejected without prejudice the Governor's proposal to create a new funding formula, the Student Focused Funding Formula, for community colleges. The proposal would have provided 60 percent of apportionment funding based on enrollment, 20 percent based on low-income student counts, and 20 percent based on performance.
- **Base Allocation.** The Senate provided \$108 million ongoing Proposition 98 General Fund to increase the base allocation for community colleges.
- **Financial Aid.** The Senate modified the Administration's proposed trailer bill language to combine the Full Time Student Success Grant and the California Community College Completion Grant into the Student Success Completion Grant, and approved a \$40 million increase to the grant. The Senate's modification to the trailer bill language maintains the education plan requirement, but specifies a two-year delay, until June 30, 2020, in implementing the requirement for colleges to ensure that students are on track.

The Senate also approved the Governor's May Revision proposal to provide \$5 million ongoing and \$13.5 million one-time Proposition 98 General Fund for financial aid administration, and specified that funds may be used to develop mechanisms to verify education plans pursuant to the Student Success Completion Grant.

- **NextUp Program.** The Senate approved the Governor’s May Revision proposal to increase funding for the NextUp Program by \$5 million Proposition 98 General Fund to expand the program, which supports current and former foster youth at the community colleges, to 20 colleges. This aligns with Senate Bill 20 (Beall), Chapter 772, Statutes of 2017.
- **Various Programs.** The Senate approved the Governor’s proposed cost-of-living-adjustments (COLAs) for the Extended Opportunity Programs and Services, Disabled Student Programs and Services Program, CalWORKs Recipient’s Program, and the Campus Childcare Tax Bailout Program. Additionally, the Senate provided COLAs for the Fund for Student Success and the part-time faculty office hours program.
- **Certified Nursing Assistants.** The Senate approved the Governor’s proposed \$2 million one-time Proposition 98 General Fund appropriation for CCC to expand certified nursing assistant enrollment slots. The CCC Chancellor’s Office would allocate the funds through CCC’s Strong Workforce program, which the Legislature created in 2016-17. The Chancellor’s Office estimates that the proposed funding could support about 1,300 community college enrollment slots.
- **Innovation Awards.** The Senate approved the Governor’s proposed \$20 million one-time Proposition 98 funding for an additional round of innovation awards to community colleges. The 2018-19 awards are to focus on innovations that reduce regional achievement gaps across the state and gaps for students from traditionally underrepresented groups.
- **Facilities.** The Senate approved the Governor’s six approved capital outlay projects, as well as an additional eight as approved by the Chancellor’s Office.

The 14 projects are as follows: (1) College of the Redwoods: Arts Building Replacement, (2) Golden West College: Language Arts Complex, (3) Natomas Education Center: Natomas Center Phase 2 and 3, (4) Menifee Valley Center: Math and Science Building, (5) Laney College: Learning Research Center, (6) Cabrillo College: Modernization of Buildings 500, 600, and 1600, (7) Imperial Valley College: Academic Buildings Modernization, (8) College of San Mateo: Building 9 Library Modernization, (9) Skyline College: Workforce and Economic Development Prosperity Center, (10) College of Sequoias: Basic Skills Center, (11) Fort Ord Center: Fort Ord Public Safety Center Ph1, (12) Mt. San Antonio College: New Physical Education Complex, (13) Merritt College: Child Development Center, and (14) Woodland College: Performing Arts Facility.

- **Reentry Programs.** The Senate provided \$5 million one-time Proposition 98 General Fund to create a competitive grant program for colleges to establish programs to support formerly incarcerated individuals, and require a dollar-for-dollar match from participating colleges of at least \$50,000. The Chancellor’s Office will develop metrics to evaluate the programs, and report findings to the Legislature by July 31, 2022.
- **Undocumented and Immigrant Legal Services.** The Senate provided \$15 million one-time Proposition 98 General Fund to support and expand legal services to undocumented and immigrant CCC students.

- **State Pathways in Technology.** The Senate provided \$20 million one-time Proposition 98 General Fund to support the creation of State Pathways in Technology (P-Tech). This program is a public-private partnership for purposes of preparing California students for high-skill jobs of the future in technology, manufacturing, and health care.
- **Student Equity and Achievement Program.** The Senate modified the Governor’s May Revision proposal to combine the Student Success and Support Program, including funding for student equity plans, and the Student Success for Basic Skills program into a new block grant—the Student Equity and Achievement Program for a total of \$475.2 million Proposition 98 General Fund. As a condition of receiving funds, pursuant to the Senate’s action, districts would be required to develop student equity plans, deliver student matriculation services (such as orientation, counseling, and advising), and adopt assessment and placement policies as specified under current law. Funding for the new program would be based on districts’ 2017-18 allocations for the existing categorical programs.
- **Faculty.** The Senate provided \$40 million ongoing Proposition 98 General Fund for community colleges to hire new full-time faculty. This would support approximately 426 new full-time faculty. Additionally, the Senate restored the part-time faculty compensation program and the part-time health insurance program by providing \$25 million and \$0.5 million ongoing Proposition 98 General Fund.
- **Mental Health Services.** The Senate provided \$20 million one-time Proposition 98 General Fund to expand mental health services at CCC campuses.

### California Student Aid Commission

- **Cal Grant Awards for Students Attending Private Non-Profit Colleges and Universities.** The Senate approved the Governor’s trailer bill proposal to provide Cal Grant awards of \$9,084 to qualified students attending private non-profit colleges and universities, if the sector accepts specified amounts of community college students with associate degrees for transfer.
- **Cal Grant Awards for Students Attending Private For-Profit Colleges and Universities.** The Senate provided in Cal Grant awards of \$9,084 to qualified students attending Western Association of Schools and Colleges (WASC) accredited private for-profit colleges and universities.
- **Cal Grant Awards for Current or Former Foster Youth.** The Senate provided approximately \$5 million General Fund to the Student Aid Commission for Cal Grants for current or former foster youth. The Senate approved placeholder trailer bill language to expand eligibility for the Cal Grant B Entitlement award for students who are current or former foster youth by extending the window of time in which they can qualify for an award and increasing the amount of time that they can receive an award from four years to up to eight years. Under the prosed language, these students could qualify up to age 26.



## NATURAL RESOURCES AND ENVIRONMENT

**Forest Management and Fire Prevention.** The Senate's budget plan includes \$483.9 million related to fire prevention and mitigation, including the following actions:

- **Forest Carbon Plan.** Approved \$96 million for various departments in the Natural Resources Agency to: (1) increase pace and scale of forest management and restoration efforts; (2) to build local capacity and strengthen regional collaborations; and (3) to innovate and increase economies around the use of materials from forest health projects.
- **Helicopters.** Approved \$95 million for the purchase of new helicopters to replace CalFire's current Vietnam-era helicopters.
- **Climate Change Fire Severity.** Approved \$10.9 million General Fund and 52 positions starting in 2018-19 to provide heavy equipment mechanics, vehicle maintenance funding, and associated administrative support staff.
- **Air Monitoring for Prescribed Fires.** Proposed and approved \$7 million Greenhouse Gas Reduction Fund (GGRF) for air monitoring for prescribed fires as follows: 1) \$2 million to local air districts; 2) \$3 million to ARB to purchase and maintain smoke monitors; and 3) \$2 million for the purchase of approximately 100 portable weather stations that shall be managed by CalFire. Adopt placeholder trailer bill language to provide that CalFire and ARB shall enter into a Memorandum of Understanding (MOU) to collaborate on the funding contained in this provision.

**The Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2017 (Proposition 68, also known as SB 5).** The Senate budget plan includes the following actions:

- **Various Programs.** Approved \$1 billion in Proposition 68 bond funds for the first year of implementation if voter-approved on the June ballot, including:
  - **California Ocean Protection Council: Advancing Ocean and Coastal Health.** \$20.28 million to the California Ocean Protection Trust Fund to provide critical support for projects that maintain and advance healthy, resilient, and productive ocean and coastal ecosystems for the benefit of current and future generations.
  - **Department of Water Resources (DWR): Salton Sea Management Program Phase 1 Implementation.** \$30 million in Reimbursement Authority (\$23.9 million in capital outlay and \$6.1 million in state operations). DWR will be reimbursed from California Natural Resources Agency (CNRA) appropriation from SB 5. The authority will be used to construct water management infrastructure and habitat conservation and dust mitigation projects pursuant to the CNRA Salton Sea Management Phase I 10-year Plan and required by the State Water Resources Control Board Stipulated Order WRO 2002-0013. The reimbursement authority will provide DWR the resources needed to implement the design, construction, and construction management for the 1,000 acres of

aquatic habitat/dust mitigation and construct water supply infrastructure required for the full implementation of the Salton Sea Management Program Plan and support 13 existing full-time equivalent positions.

- **DWR: Drought and Groundwater Investments.** One-time funding for 6.0 positions and \$61.8 million for drought and groundwater investments to achieve regional sustainability and a two-year extended encumbrance for the local assistance funds.
- **DWR: Multi-Benefit Flood Improvement Projects.** \$94 million for FY 2018-19 to implement multi-benefit flood improvement projects.
- **Department of Forestry and Fire Protection: Urban Forestry.** One-time funding of \$14.6 million in FY 2018-19 to provide urban forestry projects.
- **California Department of Food and Agriculture (CDFA): State Water Efficiency and Enhancement Program (SWEEP) and Healthy Soils Program.** \$27.5 million and seven positions in FY 2018-19 to award, administer, and monitor \$17.8 million in SWEEP grants and \$8.6 million in Healthy Soils Program grants.
- In addition, the Senate proposed and approved the following:
  - **California Natural Resources Agency: Pure Water San Diego.** \$100 million for the City of San Diego multi-phased, multi-year program that will provide one-third of San Diego's water supply locally by 2035. The Pure Water Program will use proven water purification technology to clean recycled water to produce safe, high-quality drinking water.
  - **Department of Fish and Wildlife: San Francisco Bay Wetlands Restoration.** \$25 million for wetlands restoration in the San Francisco Bay. In June 2016, Bay Area voters overwhelmingly passed the Measure AA parcel tax, a \$500 million regional investment over 20 years. The funding will help restore wetlands on roughly 36,000 acres currently held in public trust.
  - **State Coastal Conservancy: Coastal Watershed.** \$20 million of coastal redwood money per section 80120(e) for coastal redwood acquisitions.

**Department of Fish and Wildlife.** The Senate budget plan includes the following actions:

- **Fish and Game Preservation Fund (FGPF).** Rejected \$50.6 million ongoing funding (\$6.6 million General Fund, \$18 million Motor Vehicle Account and \$26 million Tire Recycling Management Fund) for the following purposes: 1) Address the structural deficit in FGPF (\$19.6 million); and, 2) Improve and expand DFW's program activities (\$31 million). Proposed and approved one-time \$19.6 million General Fund to address the structural deficit to FGPF as well as \$4 million in one-time General Fund for the department to contract for a Service-Based Budgeting audit with an outside contractor.

**Department of Water Resources.** The Senate budget plan includes the following actions:

- **Flood Control Infrastructure.** Approved \$195 million one-time in General Fund (\$25 million ongoing). One-time funding of \$170 million will be used to support the state cost-share of critical United States Army Corps of Engineers urban flood risk reduction projects. Ongoing funds will be used to support operations, maintenance, repair, rehabilitation, and replacement of the flood control infrastructure.
- **State Water Project (SWP) Aging Infrastructure.** Approved 74 positions to support the California SWP in order to do the following: (1) meet new and expanded state and federal regulatory requirements; (2) respond timely, safely, and cost-effectively to urgent or emergency work; (3) implement an assessment management program, enhance condition assessment and maintenance programs, and facilitate increased design, construction and inspection projects; and, (4) provide legal support for the Oroville Dam spillway emergency and recovery.

**State Water Resources Control Board (SWRCB).** The Senate budget plan includes the following actions:

- **Safe and Affordable Drinking Water Program and Fund.** Rejected a one-time loan of \$4.7 million from the Underground Storage Tank Cleanup Fund to fund initial implementation of this new program, specifically: (1) \$3.3 million and 23 position for the State Water Resources Control Board to: (a) develop and adopt a fund implementation plan, (b) process charges that would be deposited into the fund, (c) map areas at high risk for drinking water contamination and process drinking water data provided by local agencies, (d) develop an assessment of the total amount of annual funding needed to assist water systems in the state to provide safe drinking water, and (5) perform accounting and other administrative tasks; and, (2) \$1.4 million and seven positions for the Department of Food and Agriculture to collect charges from agricultural entities.

Approved the following: (1) two-year limited term \$1.6 million General Fund and nine positions in SWRCB for purposes of mapping areas of high risk for drinking water contamination and processing drinking water data provided by local agencies; and assessing the total amount of annual funding needed to assist water systems in the state to provide safe drinking water; (2) one-time \$23.5 million General Fund for emergency drinking water relief; (3) \$45 million General Fund for 2018-19 for drinking water infrastructure improvements; and, (4) \$45 million Proposition 2 for 2019-20 and ongoing to fund drinking water infrastructure projects.

**California Department of Food and Agriculture.** The Senate budget plan includes the following actions:

- **Citrus Pest and Disease Prevention Program.** Rejected \$2.5 million General Fund and \$2.5 million Department of Food and Agriculture Fund authority in 2018-19 and ongoing to enhance Asian Citrus Psyllid (ACP) and Huanglongbing (HLB) suppression activities in newly detected areas and to augment quarantine regulation enforcement activities in existing and newly detected areas. Approved one-time \$10 million General Fund in 2018-19 to enhance ACP and HLB suppression and enforcement activities in newly detected areas.

- **Shot Hole Borer.** Approved one-time \$5 million General Fund and budget bill language to use the funds for purposes of curing or suppressing diseases associated with the spread of the Polyphagous and Kuroshio Shot Hole Borer which are invasive beetles that cause damage to trees.
- **Nutria Detection and Survey.** Approved \$400,000 General Fund on a two-year limited-term basis and one position beginning in 2018-19 for the survey and detection of nutria (*Myocaster coypus*) in and around California waterways.

**Greenhouse Gas Reduction Fund.** The Senate budget plan proposed and approved a \$2.9 billion Cap-and-Trade Expenditure Plan. The discretionary spending portion of the plan is as follows:

#### Cap-and-Trade Expenditure Plan

(In Millions)

<b>Program</b>	<b>Department/Agency</b>	<b>Governor's Proposed 2018-19</b>	<b>Senate Proposal</b>
<b>Discretionary Spending</b>			
<b>Mobile Source Emissions</b>			
Local air district programs to reduce air pollution	Air Resources Board	\$250	310
Clean Vehicle Rebate Project	Air Resources Board	175	150
Freight and heavy duty vehicle incentives	Air Resources Board	160	160
Low-income light duty vehicles and school buses	Air Resources Board	100	100
Low carbon fuel production	Energy Commission	25	5
<b>Forestry</b>			
Forest health and fire prevention	CalFire	207	250
Local fire suppression grants	Office of Emergency Services	25	25
<b>Agriculture</b>			
Agricultural equipment	Air Resources Board	102	102
Methane reductions from dairies	Food and Agriculture	99	99
Incentives for food processors	Energy Commission	34	34
Healthy Soils	Food and Agriculture	5	0
Agricultural renewable energy	Energy Commission	4	4
<b>Other programs</b>			
Climate and energy research	Office of Planning and Research	35	55
Transformative Climate Communities	Office of Planning and Research	25	80
Urban Greening	Natural Resources Agency	0	5
Waste diversion	CalRecycle	20	20
Integrated Climate Investment Program	Go-Biz	20	5
Energy Corps	Conservation Corps	6	10
Low-Income Weatherization	Community Service & Development	0	30
Technical assistance to community groups	Air Resources Board	5	5
Workforce development and training	CA Workforce Development Board	0.4	0.4
<b>Total</b>		<b>\$1,297</b>	<b>\$1,449</b>

**Air Resources Board.** The Senate budget plan includes the following actions:

- **AB 617 Implementation by Local Air Districts.** Proposed and approved \$50 million Air Pollution Control Fund to be appropriated annually for a two-year limited term for implementation of AB 617 (C. Garcia), Chapter 136, Statutes of 2017, related to criteria air pollutants and toxic air contaminants.
- **Agricultural Diesel Engine Replacement and Upgrades.** Approved \$30 million General Fund one-time for agricultural diesel engine replacements and upgrades.

**Department of Toxic Substances Control.** The Senate budget plan includes the following actions:

- **Exide Enforcement Order.** Approved \$1.1 million Lead-Acid Battery Cleanup Fund in 2018-19 and 2019-20 to implement the remaining activities associated with the 2014 Exide Enforcement Order (as amended 2015) and the ongoing Resource Conservation and Recovery Act (RCRA) corrective action work associated with the February 2002 Corrective Action Consent Order against Exide Technologies (Exide). This requires corrective action activities at the Exide facility, the off-site industrial areas, and the residential areas.
- **National Priorities List and State Orphan Sites.** \$4.5 million from the Toxic Substances Control Account (TSCA) and \$3.2 million Site Remediation Account to continue supporting the state's share of costs for National Priorities List sites. Priority 1A and IB state orphan sites, and continued cleanup activities for Priority 2 and 3 state orphan sites already underway. The cleanup work includes site investigation, characterization, cleanup, and remediation activities, among others. These remediation efforts reduce public exposure to hazardous and cancer-causing chemicals and reduce the spread of contamination.

## ENERGY

**California Energy Commission (CEC).** The Senate's budget plan includes the following actions:

- **Energy Resources Program Account (ERPA).** The Senate took action to address the structural deficit in the CEC's primary source of funding by shifting more than \$10 million to other, more appropriate funding sources. This will allow the Commission to continue to perform its important work in future years. This included shifting eligible expenditures from ERPA to the Cost of Implementation Account and Energy Facility License and Compliance Fund (EFLCF) (total ERPA reduction of \$7.3 million), and a one-time shift of the Department of General Services' (DGS) ERPA funding to the Environmental License Plate Fund (reduction of \$2 million). The Senate also approved a shift of \$2.1 million of eligible expenditures from the Renewable Resource Trust Fund (RRTF) to CCIA.
- **Zero Emission Vehicle Infrastructure.** The Senate rejected the Governor's proposal for dramatically increasing funding for Zero-Emission Vehicle infrastructure. The Subcommittee was concerned that the proposal did not allow for adequate coordination between the numerous programs working towards this goal. This rejection sent the item to the Conference Committee.
- **Title 20 Appliance Energy Efficiency Standards (AES) Enforcement.** The Senate approved a \$100,000 increase in expenditure authority for baseline contract funding from the Appliance Efficiency Enforcement Subaccount (AEES) to support the Title 20 appliance efficiency enforcement testing contract.
- **Implementation of the School Bus Retrofit and Replacement Program (SB 110).** The Senate approved three-year funding of \$900,000 annually for six temporary positions from the Alternative and Renewable Fuel and Vehicle Technology Fund to develop and implement the new school bus retrofit and replacement activities under the Clean Energy Job Creation Program.

**California Public Utilities Commission.** The Senate's budget plan includes the following actions:

- **Lifeline Program.** The Senate approved \$359 million in Local Assistance and \$29.7 million in State Operations funding in 2018-19, all from the Universal Telephone Service Trust Administrative Committee Fund, for the California LifeLine Program.
- **California LifeLine Monitoring and Compliance.** The Senate approved a permanent increase of \$619,000 from the Universal Telephone Service Trust Administrative Committee Fund for additional positions to keep pace with California LifeLine program growth and to address several administrative backlogs.
- **California Advanced Services Fund.** The Senate approved more than \$76 million in fee revenue to continue the work of the California Advanced Services Fund, which funds the deployment of broadband internet and related services to rural and under-served communities throughout the state.

- **Safety and Enforcement Division.** The Senate approved \$2.2 million from a variety of special funds for additional operational support and field staff in the Safety and Enforcement Division (SED). Specifically, the funds would support 12 new permanent full time positions, classification upgrade of five existing permanent full-time positions, and equipment, training, and travel necessary to facilitate inspections and audits, and to ensure staff safety.
- **Deaf and Disabled Telecommunications Program.** The Senate approved \$1.5 million from the Public Utilities Commission Utilities Reimbursement Account for ongoing consulting costs and five additional positions to advocate for California ratepayers at transmission rate proceedings before the Federal Energy Regulatory Commission (FERC) and the California Independent System Operator (CAISO).
- **Strengthening the Transportation Enforcement Branch.** The Senate eliminated an ongoing appropriation in the Transportation Rate Fund (TRF), and 11 related positions, and approved the transfer of \$750,000 from the TRF to the Household Movers Fund (HMF), in the Professions and Vocations Fund to fund new responsibilities at the Department of Consumer Affairs (DCA). These changes are intended to enact the requirements of SB 19 (Hill), Chapter 421, Statutes of 2017. The Senate also approved \$2.4 million from the PUC Transportation Rate Account (PUCTRA) for new positions and additional enforcement activities.
- **Supporting Statewide Presence.** The Senate approved \$1.0 million in 2018-19, with additional ongoing costs, from various funds, to lease two additional office spaces in Sacramento County for the placement of new PUC staff and the relocation of existing employees.
- **Building Administrative Infrastructure Core.** The Senate approved \$2.6 million from various funds for 23 permanent full-time positions, training, and travel to strengthen the administrative core of the department, which supports Safety, Contract and Procurement Services, Human Resources (including hiring and training), and Business Services in the areas of Facilities, Records Management, Forms Management, Fleet Management, and Facilities.

## TRANSPORTATION

The Senate took important actions to fund transportation projects and provide the staff necessary to deliver them at the California Department of Transportation (Caltrans), including the allocation of funding related to the Road Repair and Accountability Act of 2017. The committee also approved funding at both the California Highway Patrol (CHP) and the Department of Motor Vehicles (DMV) for capital outlay projects and crucial equipment and information technology replacement projects.

- **Road Repair and Accountability Act of 2017.** The Senate approved \$1.8 billion in local and capital funding, as well as 400 maintenance-focused positions at Caltrans, to continue the implementation of the Road Repair and Accountability Act. These resources will allow Caltrans to continue to deliver on the “Fix it First” strategy the department committed to upon passage of the Act, and to ensure that funding reaches projects as quickly as possible.
- **Continuation of Proposition 1B Administrative Support.** The Senate approved 2018-19 funding for the continuation of 31 positions totaling \$6.5 million and 2019-20 funding for the continuation of 30 positions totaling \$5.9 million. This reduced the current 2017-18 Proposition 1B staffing level of 36 Positions by five positions in 2018-19, and by six positions in 2019-20.
- **Compliance with Federal Rules and Requirements.** The Senate took a variety of actions to ensure the state remains in compliance with federal rules on contracting and highway safety, thus ensuring the state remains competitive for federal funds for these purposes. Specifically, the Senate approved a permanent increase of seven positions and \$835,000 (\$771,000 in personal services and \$64,000 in operating expenses) in State Highway Account funds to address workload increases resulting from the Federal Highway Administration's (FHWA) clarification of requirements with respect to the State's procurement, management and administration of Architectural and Engineering (A&E) contracts, and a permanent increase of \$852,000 and four positions, as well as one-time funding of \$30,000 for tunnel management software for federally mandated inspections.
- **Road Charge Pilot Program.** The Senate approved \$3.2 million (\$1.4 million State Highway Account and \$1.8 million federal funds) for a two-year extension of five positions and \$2.5 million for a demonstration project for pay-at-the-pump technology. This will allow the department to continue to explore options for moving away from the state’s reliance on gas tax revenues for funding transportation projects and towards a mileage-based alternative.



- **Caltrans Capital Outlay Support (COS).** The Senate approved a COS program budget of \$2.026 billion. This includes funding for an additional 872 FTE positions in the program, including a total of \$266.2 million for contract positions. This is a reduction of \$36 million from the Governor’s May Revision request, but a net increase of \$167 million above the Governor’s January budget request. The Senate also adopted provisional language requiring Caltrans to adopt a written hiring plan targeting 153 new hires per month, and to report to the legislature monthly on progress towards meeting these hiring goals. The Senate also adopted provisional language allowing Caltrans to augment this request by up to \$36 million should hiring and work plans require it, and requiring the department to report on its progress in meeting both its hiring and workload delivery responsibilities as part of the January budget process.
- **Trailer Bill Proposals.** The Senate approved trailer bill language to allow local agencies to borrow from other internal city or county revenue streams and reimburse themselves with future year SB 1 apportionments, and to cap the administrative indirect costs that Caltrans may charge to self-help counties at ten percent for three years.
- **High-Speed Rail Initial Operating Segment, Phase 1/Blended System Early Improvements Reappropriation.** The Senate approved a reappropriation of \$1.6 billion in special funds for the high-speed rail project. This reappropriation included:
  - \$528.4 million [\$380.8 million fiscal year 2010 federal funds and \$147.6 million High-Speed Passenger Train Bond Fund (Proposition 1A)] for the Initial Construction Segment (ICS) of the high-speed train, and,
  - \$1.0 billion Proposition 1A for the early improvements within the Bay Area and greater Los Angeles regions, also known as the “bookends”.

The bookend projects are critical to making improvements in some of the state’s most congested areas. These projects will deliver multiple benefits by reducing greenhouse gas emissions and congestion, and increasing safety.

- **California Highway Patrol Wireless In-Car Camera System with Body-Worn Camera Expandability Option.** The Senate approved 12 positions phased in over three years, and \$52.53 million from the Motor Vehicle Account (MVA) over three years to implement a wireless in-car camera system with the option to purchase Integrated Body-Worn Cameras (BWC) in the future, as well as the reappropriation of the remaining balance of the initial \$1 million appropriated in the Budget Act of 2015 for a BWC pilot study.
- **California Highway Patrol Capital Outlay.** The Senate approved \$178 million in funding for a variety of capital outlay projects across the state, rejecting the Administration’s request to finance these projects using lease-revenue bonds.
- **California Highway Patrol Vehicle Fleet Replacement.** The Senate approved an ongoing augmentation of \$4.5 million MVA for the replacement of its ground fleet, and provisional language to allow a two-year period for encumbrance or expenditure of up to \$20 million for the purchase of replacement vehicles.

- **DMV Capital Outlay Projects.** The Senate approved a January budget request for \$4.8 million from the MVA for various field office capital outlay projects, \$200,000 from the MVA to perform advanced planning and analysis for two reconfigurations/renovations proposed for the 2020-21 fiscal year, and an additional \$15.7 million from the MVA for two reappropriations of funding provided in previous years for field office replacements.
- **Front End Sustainability Project.** The Senate approved \$15 million MVA in 2018-19 to support the implementation of the Front End Applications Sustainability (FES) project. The annual amount requested over each of the next four years will fluctuate and total \$89 million. This action includes funding for three permanent positions beginning in 2018-19 and funding for seven limited-term positions from 2018-19 through 2022-23. The Senate also approved trailer bill language to authorize DMV to charge an additional \$1 fee per transaction to the private industry partners that work with the department to collect registration fees. The revenue from the fee would fund the business partners portion of the project.

## HEALTH

The Senate approved a health package that includes high-priority restorations and investments in Medi-Cal, public health, mental health and substance use disorder treatment programs.

- **Proposition 56: Improving Access to Care for Children in Medi-Cal.** The Senate approved the following targeted investments of Proposition 56 tobacco tax revenue for the next two years, primarily focused on improving access to necessary medical care for children in Medi-Cal:
  - \$300 million for supplemental payments to achieve Medicare-level reimbursement rates for pediatric primary care services, consistent with a similar, time-limited increase provided by the Affordable Care Act for all primary care services.
  - \$45 million for supplemental payments for pediatric specialty providers.
  - \$40 million for supplemental payments for adult dental preventive treatment.
  - \$30 million for supplemental payments for dental providers that treat children with special needs.
  - \$4 million for supplemental payments for pediatric day health centers.
  - \$4 million for supplemental payments for free-standing pediatric subacute facilities.
  - \$4 million for supplemental payments for breast pumps provided in Medi-Cal.

The Senate also approved the following one-time investments of unspent 2017-18 Proposition 56 revenue to improve the state's health care workforce and encourage more provider participation in Medi-Cal:

- \$150 million for workforce development programs, including, but not limited to, loan repayments for physicians who agree to provide a significant portion of their services to Medi-Cal beneficiaries.
  - \$144 million for a provider incentive payment program to cover fixed costs, provide supplemental reimbursements or offer other incentives to providers who serve Medi-Cal beneficiaries in rural or high-poverty urban areas with a demonstrated shortage of access to providers.
- **Medi-Cal Estimate and Caseload.** Approved total Medi-Cal expenditures in 2018-19 of \$103.9 billion (\$22.9 billion General Fund, \$67.2 billion federal funds, and \$13.7 billion special funds and reimbursements) and a corresponding caseload of 13.3 million in 2018-19.

- **Medi-Cal: County Administration of Medi-Cal Eligibility.** Approved \$2 billion (\$1 billion General Fund and \$1 billion federal funds) for the base allocation to counties for Medi-Cal eligibility determinations and a cost-of-doing-business adjustment of \$56.6 million (\$19 million General Fund and \$37.5 million federal funds).
- **Medi-Cal: Treatment and Outreach for Homeless Individuals with Mental Illness.** Approved \$50 million General Fund to provide counties with targeted grants to support multi-disciplinary teams to provide intensive outreach, treatment, and related services for homeless individuals with mental illness.
- **Medi-Cal Eligibility Regardless of Immigration Status for Seniors.** Approved \$75 million General Fund in 2018-19 and \$150 million General Fund annually thereafter to provide Medi-Cal coverage for income-eligible individuals age 65 and over regardless of immigration status, effective January 1, 2019.
- **Medi-Cal: Expansion of Aged and Disabled Income Eligibility.** The Senate approved additional General Fund expenditure authority of \$15 million in 2018-19 and \$30 million General Fund annually thereafter to expand eligibility for the Medi-Cal aged and disabled program up to 138 percent of the federal poverty level, effective January 1, 2019.
- **Medi-Cal: Restoration of Optional Benefits.** The Senate approved additional General Fund expenditure authority of \$16.6 million in 2018-19 and \$41.4 million annually thereafter to restore the following optional benefits eliminated in 2009 during the most recent recession: audiology, incontinence creams/washes, optician/optical lab, podiatry, and speech therapy. These benefits would be restored effective January 1, 2019. The 2017 Budget Act restored optician/optical lab benefits effective January 1, 2020. This action accelerates the optician/optical lab benefit restoration by one year, from January 1, 2020, to January 1, 2019.
- **Breast and Cervical Cancer Treatment Program (BCCTP): Remove Treatment Limits.** The Senate approved additional General Fund expenditure authority of \$8.4 million in 2018-19 to eliminate the 18- and 24-month limits imposed on state-only BCCTP beneficiaries' treatment services for breast and cervical cancer.
- **Substance Use Disorders Interventions.** The Senate approved the following package of interventions to reduce substance use disorders in various settings:
  - \$20 million General Fund for a statewide Medi-Cal pilot program that places certified drug and alcohol counselors in each of California's emergency departments.
  - \$11 million General Fund to the Department of Public Health's Office of AIDS for a grant program to fund substance use disorders care navigators at harm-reduction programs. These care navigators will provide outreach to people who use drugs, but who are not in treatment, and assist them with linkage to health care and substance use disorder treatment services.
  - \$2.6 million General Fund to expand the Medi-Cal screening, brief intervention, referral to treatment (SBIRT) benefit to include services related to opioids and other drugs.

- **Medi-Cal: Federal Managed Care Regulations Implementation.** Approved \$3.1 million (\$1.5 million General Fund and \$1.5 million federal funds) to allow DHCS to continue efforts to implement federal Medicaid managed care regulations, including a contract with an External Quality Review Organization to perform quarterly access assessments.
- **Medi-Cal: Ombudsman Customer Relations Management System.** Approved \$500,000 (\$250,000 General Fund and \$250,000 federal funds) in 2018-19 and \$173,000 (\$86,000 General Fund and \$87,000 federal funds) annually thereafter to allow DHCS to procure a new cloud-based customer relations management software solution and increased ongoing subscription costs to support the Office of the Ombudsman’s call center.
- **Implementation of Prescription Drug Price Transparency (SB 17).** Approved special fund authority of \$500,000 at the Office of Statewide Health Planning and Development (OSHPD) and \$307,000 at the Department of Managed Health Care (DMHC) to implement the prescription drug price transparency provisions of SB 17 (Hernandez), Chapter 603, Statutes of 2017. SB 17 requires drug manufacturers to provide publicly available information about significant price increases for existing drugs and high-cost new drugs. SB 17 also requires health plans to provide publicly available information about the most frequently prescribed drugs, the most costly drugs, and the drugs with the largest price increases, as well as the impact on health care premiums.
- **AIDS Drug Assistance Program.** Approved AIDS Drug Assistance Program (ADAP) local assistance expenditures of \$432.1 million (\$132.4 million federal funds and \$299.6 million ADAP Rebate Fund) in 2018-19 and a corresponding caseload of 30,864 in 2018-19.
- **Investments in HIV Prevention, Treatment, and Care Coordination.** The Senate approved the following package of HIV-related interventions through the Department of Public Health (DPH):
  - \$10 million General Fund annually to establish a local grant program to support comprehensive HIV prevention services, including pre-exposure and post-exposure prophylaxis (PrEP and PEP).
  - \$2 million ADAP Rebate Fund annually to expand the existing PrEP Assistance Program’s eligibility requirements and services to provide more comprehensive support for the prevention of new HIV infections.
  - \$3 million General Fund over three years for a demonstration project to address the health and psychosocial needs of persons age 50 and over living with HIV/AIDS.
  - \$2 million General Fund over three years for a demonstration project to provide economic empowerment services for transgender women in coordination with linkage to HIV care and prevention services.
- **Expansion of Black Infant Health Program.** The Senate approved additional annual General Fund expenditure authority of \$15 million to expand the Black Infant Health Program to more effectively address the persistent disparities in black infant mortality in California. The expansion would fund local programs that combine social interventions with medical interventions and other wrap-around services including, but not limited to, evaluation, personalized case management,

educational programs, and wraparound care provided by home visitors and various other medical personnel.

- **Systems of Care for Amyotrophic Lateral Sclerosis (ALS).** Approved \$3 million General Fund annually for DPH to administer a grant to qualified non-profit organizations to support the implementation of the System of Care wraparound model for Californians diagnosed with ALS.
- **Genetic Disease Screening Program.** Approved Genetic Disease Screening Program expenditures of \$133 million from the Genetic Disease Testing Fund and a corresponding caseload of 478,419 in the Newborn Screening Program, and 342,347 in the Prenatal Screening Program, in 2018-19. The Senate also approved 18 positions and expenditure authority from the Genetic Disease Testing Fund of \$2.7 million to continue implementation of additional newborn screening requirements for mucopolysaccharidosis and Pompe disease, as required pursuant to SB 1095 (Pan), Chapter 363, Statutes of 2016.
- **Health Facility Licensing and Certification.** The Senate took the following actions for the Department of Public Health's (DPH) Licensing and Certification Division:
  - Approved \$280.4 million for the licensing, certification and oversight of health facilities by the division.
  - Approved \$4.6 million from the Licensing and Certification Fund for an extension of the Los Angeles County contract and trailer bill language to allow DPH to assess a supplemental fee on health facilities in Los Angeles County to account for the increased costs of oversight and enforcement provided under the contract.
  - Approved provisional language to allow DPH to increase expenditure authority up to \$1.7 million upon federal approval of a Certified Nursing Assistant (CNA) Training Kickstarter Program. The program would contract with health employers for CNA training classes and provide technical assistance to skilled nursing facilities to develop and obtain approval of CNA training programs.
- **Women, Infants, and Children (WIC) Program.** Approved Women, Infants, and Children (WIC) program expenditures of \$1.2 billion (\$1 billion federal funds, and \$229.8 million WIC manufacturer rebate funds), in 2018-19 and a corresponding caseload of 1,012,984 WIC participants in 2018-19.
- **Alzheimer's Disease Program Grant Awards.** Approved \$3.2 million (\$3.1 million General Fund and \$104,000 CA Alzheimer's Disease Fund) to fund additional research related to the study of Alzheimer's disease and related disorders.
- **Expanded Lead Testing for California Children (AB 1316).** Approved two positions and expenditure authority from the Childhood Lead Poisoning Prevention (CLPP) Fund of \$276,000 to allow DPH to develop regulations and perform additional blood lead testing and analysis under an expanded standard of care required by AB 1316 (Quirk), Chapter 507, Statutes of 2017.

- **Public Beaches: Inspection for Contaminants.** Approved \$354,000 General Fund to allow DPH to finalize development of guidelines for approving the use of new rapid test methods to replace current conventional culture methods for determining closures of public beaches, pursuant to the provisions of SB 1395 (Block), Chapter 928, Statutes of 2014.
- **Richmond Laboratory: Viral Rickettsial Disease Lab Upgrade.** Approved \$4.9 million General Fund to upgrade the Richmond Campus Viral Rickettsial Disease Laboratory to meet Bio Safety Level 3 requirements established by the Centers for Disease Control and the National Institute of Health.
- **Incompetent to Stand Trial Diversion and Community-Based Treatment.** Approved \$100 million General Fund over three years for the Department of State Hospitals and the Mental Health Services Oversight and Accountability Commission to implement a community-based treatment program for diversion of individuals likely to be found incompetent to stand trial (IST) on felony charges. The program would require counties to make use of available Mental Health Services Act revenues and would establish a shared savings program to provide incentives to counties to reduce IST referrals to state hospitals by between 20 and 30 percent.

## HUMAN SERVICES

**Department of Social Services.** The Senate's took the following actions:

- **Safety Net Reserve.** The Senate approved the creation of a Safety Net Reserve, and Medi-Cal and CalWORKs subaccounts within the reserve. The Senate action deposits \$1 billion into the CalWORKs subaccount, and directs the Department of Finance to work with the Legislative Analyst's Office to determine a methodology to calculate how future caseload savings will be deposited into this subaccount and potentially other subaccounts for other safety net programs.
- **Honest Budget Adjustments in SSI/SSP and CalWORKs.** The Senate approved the restoration of inflation adjusters in the SSI/SSP and CalWORKs programs beginning January 1, 2019, and annually thereafter.
- **In-Home Supportive Services (IHSS)**
  - **Waiver Personal Care Services (WPCS) Provider Parity.** The Senate approved a proposal for \$2.8 million General Fund ongoing that would establish an employer of record and provide health care benefits for approximately 700 WPCS providers in California.
  - **Streamlining IHSS Provider Enrollment.** The Senate approved a proposal for \$2.7 million General Fund ongoing and placeholder trailer bill language to expedite the provider enrollment process at the county level.
  - **Provider Back-Up System for IHSS.** The Senate approved placeholder trailer bill language requiring the Department of Social Services to convene a stakeholder workgroup to develop a comprehensive provider back-up system so that each county has an operational provider back-up system by the time the state minimum wage reaches \$13 an hour in 2020.
- **CalWORKs**
  - **Ending Deep Poverty for CalWORKs Recipients.** The Senate budget approved an increase to CalWORKs grants to keep children and families out of deep poverty, which is considered to be below fifty percent of the Federal Poverty Level. Costs are phased in over several years, beginning with an estimated \$400 million in 2018-19, growing to \$1.5 billion by 2021-22.
  - **Single Allocation.** The Senate augmented funding for the Employment Services component of the Single Allocation by \$10 million dollars to mitigate impacts of proposed reductions to counties.
  - **Home Visiting Initiative.** The Senate approved the Governor's proposal to implement a Home Visiting Initiative in the CalWORKs program, and specified that trailer bill should include language that expands eligible populations and makes implicit bias training a requirement for all home visitors.



- **CalFresh**

- **Fruits and Vegetables Electronic Benefits Transfer (EBT) Pilot.** The Senate approved \$9 million one-time General Fund and placeholder trailer bill for a CalFresh Fruit and Vegetables EBT Pilot to increase the purchase and consumption of California-grown fruits and vegetables that are financially out-of-reach for low-income residents.
- **Funding for Food Bank Infrastructure.** The Senate approved \$5 million General Fund one-time for food bank infrastructure improvements, including modern refrigerated transportation and cold storage.

- **Child Welfare Services**

- **Funding the Continuum of Care Reform (CCR) Workload.** The Senate augmented the budget by \$25 million General Fund ongoing above the Governor's Budget to ensure that counties have enough funding to implement key pieces of the CCR.
- **Continued Foster Parent Retention, Recruitment, and Support (FPPRs) Funding.** The Senate augmented FPPRs funding by \$21.6 million General Fund one-time to continue the prior funding level for this component of the CCR into the budget year.
- **Resource Family Approval: Long-Term Solution.** The Senate approved placeholder trailer bill language to provide emergency assistance (EA) payments to families prior to their approval as resource families for specified periods of time, due to a longer than anticipated approval process. The Senate action adds that language must also address concerns about families who are not yet approved beyond the six-month or three-month timelines proposed by the Governor's language and consider the impact on counties regarding the federal discount rate issue.
- **Group Home Extension.** The Senate approved placeholder trailer bill language to allow foster youth to be placed in eligible group homes that have not yet converted to a Short-Term Residential Therapeutic Program beyond the statutory deadline of December 31, 2018. Counties would have to submit extensive documentation, including individual transition plans for foster youth, in order to qualify for an extension.

**Department of Child Support Services.** The Senate took the following actions:

- The Senate approved an increase in child support services funding (\$17.9 million General Fund in 2018-19, \$28.4 million in 2019-20, and \$38.8 million in 2020-21, with an additional \$4.8 million in each of the three years) and placeholder trailer bill language that enshrines a new methodology based on a ratio of cases per Full-Time Equivalent position to determine each Local Child Support Agency's (LCSA's) allocation. The language also directs LCSAs and the Administration to work together during the 2018-19 budget year to develop additional program improvements or improvements to the methodology.

**Department of Aging.** The Senate took the following actions:

- The Senate approved \$2.3 million General Fund ongoing and placeholder trailer bill language to adjust the local annual program base funding for the Long-Term Care Ombudsman.
- The Senate approved \$4.6 million General Fund to provide a supplemental rate adjustment for Multipurpose Senior Services Program sites.

**Department of Developmental Services (DDS).** The Senate took the following actions:

- **Uniform Holiday Schedule.** The Senate rejected the Governor's proposal to re-implement the Uniform Holiday Schedule. This proposal was estimated to provide about \$11 million in savings. This schedule would have prohibited regional centers from compensating specified vendors for services provided on any of the 14 holidays identified in the statute. Currently, most regional centers operate on a ten-day holiday schedule.
- **Social Recreation and Camp Services.** The Senate approved \$14 million General Fund in 2018-19 for the restoration of social recreation and camp services. These services were suspended in 2009 during a budget shortfall.
- **Safety Net Facilities and Acute Crisis Services.** The Senate approved and adopted the following:
  - **Safety Net Development.** \$5.6 million General Fund to develop additional safety net services in the community, and placeholder trailer bill language to specify how the funds will be spent.
  - **Protection for Individuals in Institutions for Mental Disease (IMD).** Trailer bill language requiring regional centers and the Director of the department to report on and review transition plans for individuals in IMDs within a specified amount of time after their admission to an IMD.
  - **Client Rights Advocates.** Trailer bill language to grant client rights advocates statutory rights to access records for individuals in facilities for which client rights advocates receive statutory notice upon admission.

# STATE ADMINISTRATION AND GENERAL GOVERNMENT

The Senate budget plan includes proposals to increase transparency and governmental efficiency and augmentations in key areas.

- **Disaster Response and Recovery.** The Senate approved funding for several projects to help aid disaster mitigation, response, and recovery, including:
  - **California Earthquake Early Warning (CEEW) System.** The Senate approved a one-time increase of \$15 million (General Fund) to provide staffing and to complete the build-out of the CEEW system. Once complete, the system will be able to provide warning in advance of an earthquake and provide enough time to take measures that may reduce the consequences of a major earthquake, such as slowing a speeding train.
  - **Public Safety Communications Upgrades.** The Senate approved \$11.5 million (State Emergency Telephone Number Account (SETNA)) in 2018-19, and a total of \$120.5 million in the out years to provide staffing and upgrades to the state's 9-1-1 system. In addition, the Senate approved \$15 million (SETNA) to begin a five-year plan to update the California Public Safety Microwave Network. The update would improve emergency communications and provide updated emergency communications equipment.
  - **Mutual Aid System.** The Senate approved \$25 million (General Fund) for increased resources for the mutual aid system. This funding would be used to reimburse local governments for costs to pre-position resources in high-risk areas.
  - **California Disaster Assistance Act (CDAA).** The Senate approved a total increase of \$82.6 million (General Fund) over baseline funding for CDAA. These funds will be used to reimburse local jurisdictions for disaster response and recovery-related activities.
  - **Office of Emergency Services Other Disaster-Related Activities.** In addition to the activities mentioned above, the Senate approved \$20.8 million (\$12.1 million General Fund, \$8.4 million federal funds, and \$0.3 million reimbursements) for other disaster-related activities. Additional activities include coordination of emergency response, hazardous material cleanup, and hazard mitigation.
  - **Property Tax Backfill.** The Senate approved \$32.9 million (General Fund) to backfill property tax revenue losses that local jurisdictions incurred and will incur in 2017-18 and 2018-19 due to the 2017 wildfires and mudslides.

- **Infrastructure.** The Senate acted on a number of items to build up state infrastructure and maintain existing infrastructure.
  - **Sacramento Area Office Buildings.** The Senate approved a total of \$30.3 million for infrastructure projects in the Sacramento area. These projects include the state printing plant demolition, the Richards Boulevard office complex, and renovations of the Gregory Bateson and Jesse Unruh buildings.
  - **State Project Infrastructure Fund (SPIF).** The Senate modified the Governor’s proposal to transfer \$630 million General Fund to the SPIF by approving a \$200 million transfer to the SPIF per year for four years. This would result in a total investment of \$800 million being added to the SPIF. Funding in 2018-19 will come from the General Fund, and funding in the three following years will come from Proposition 2 funds.
  - **Deferred Maintenance.** The Senate approved \$1.067 billion (\$1.06 billion General Fund and \$7 million Motor Vehicle Account) for deferred maintenance projects across various state agencies. The Senate also adopted language to increase accountability and oversight of the process.
- **Cannabis.** The Senate approved a total of \$202.8 million for cannabis-related activities across several departments. Details of the actions taken by the Senate are described below.
  - **Bureau of Cannabis Control.** The Senate approved the Governor’s proposal of \$35 million (Cannabis Control Fund and reimbursements) for positions and cannabis licensing and enforcement activities at the bureau. In addition to the Governor’s proposal, the Senate approved \$500,000 (Cannabis Control Fund) for four positions at the bureau to provide technical assistance to local equity applicants and programs.
  - **Department of Justice.** The Senate rejected the Governor’s proposal for \$14 million (Cannabis Tax Fund) to fund illegal cannabis enforcement activities. Instead, the Senate adopted placeholder trailer bill language and specified that these activities be funded by the General Fund.
  - **Governor’s Office of Business and Economic Development (GO-Biz).** The Senate approved \$10 million (Cannabis Tax Fund) in 2018-19 to oversee the Community Reinvestment Grants Program, consistent with the provision of Proposition 64. In addition, the Senate approved \$10 million to be provided for no or low-interest loans or grants to support small businesses within local equity programs. In addition, the Senate approved ten permanent positions at GO-Biz phased in as follows: three positions in 2018-19, four positions in 2019-20, and three positions in 2020-21. These resources will allow GO-Biz to fund grants to local health departments and qualified community-based nonprofit organizations that support various substance abuse treatment, job placement, legal services, and other cannabis use-related programs.

- **Department of Food and Agriculture.** The Senate approved a total of \$46.5 million (\$28.4 million Cannabis Control Fund and \$18.3 million reimbursements) in 2018-19 for the department. Funding for the department’s activities has been phased-in over two years based on timing of statutory requirements. These resources will primarily support the ramp-up of annual licensing, compliance, and enforcement activities, as well as costs for proprietary plant and package tags for use with the track-and-trace system.
- **Department of Public Health.** The Senate approved a total of \$11 million (\$10.6 million Cannabis Control Fund and \$533,000 in reimbursements) in 2018-19 for positions to support licensing, manufacturing, and information technology activities. The positions will be phased in beginning in 2018-19 (for a total of 38 positions in 2019-20) to implement SB 94 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017, including establishing new offices for licensing and cash collection, information technology enhancements, and licensing and enforcement resources in anticipation of increasing licensing-related workload.
- **Department of General Services.** The Senate approved \$12.6 million (Service Revolving Fund) for support to the Office of Administrative Hearings (OAH) and facility expansion. The OAH conducts mediations and hearings for state and local agencies.
- **Department of Tax and Fee Administration.** The Senate approved several changes to reallocate funding and provide support to the department for the collection of cannabis tax payments. The Senate approved the redirection of resources that were approved in the budget act of 2017, a reduction of 7.4 positions in 2017-18, and an increase of \$2.5 million (Cannabis Control Fund).
- **Employment Development Department.** The Senate approved \$3.7 million (Cannabis Tax Fund) to collect and process cash payments of employer taxes from cannabis businesses and to provide employment services. This includes information technology system enhancements, security upgrades to ten field offices where cash transactions are conducted, and California Highway Patrol security and armored car service contracts.
- **Secretary of State.** The Senate approved \$0.4 million (Business Fees Fund) in 2018-19 to implement SB 94 (Committee on Budget and Fiscal Review), Chapter 27, Statutes of 2017. SB 94 established the authority of the Secretary of State to register trademarks and service marks related to lawful cannabis activities.
- **Cannabis Control Appeals Panel.** The Senate approved \$1.4 million to support additional workload resulting from the projected increase in appeals related to cannabis licensing. The requested resources will support two new panel members, an additional attorney, administrative support, and facilities and travel costs.
- **Franchise Tax Board.** The Senate rejected trailer bill language to establish expenditure authority from the Cannabis Tax Fund and instead adopted placeholder language.
- **Secretary of State (SOS).** The Senate approved the Governor’s proposal for \$134 million (General Fund) to cover costs for the replacement of voting systems throughout the state. The Senate approved an additional \$2 million (General Fund) to provide funding for the Office of Elections Cybersecurity.

- **Department of Insurance.** The Senate adopted trailer bill language to reauthorize the COIN Community Development Financial Institution (CDFI) tax credit program.
- **Military Department.** The Senate approved an additional \$3.4 million (General Fund), above the Governor’s proposal. \$1.7 million of these funds are to be used for a new classroom building for the STARBASE program at Los Alamitos, and the other \$1.7 million for the Work for Warriors job placement program.
- **Veterans Affairs.** The Senate approved \$7.1 million (General Fund) to begin construction of a new skilled nursing facility at the Veterans Home of California in Yountville. In addition, the Senate adopted trailer bill language requiring the department to develop a stakeholder workgroup consisting of long-term care industry professionals and veterans advocates.
- **Fair Political Practices Commission.** The Senate approved a total of \$0.6 million (General Fund) to fund positions and resources to implement the provisions of previous legislation. In addition, the Senate approved provisional language requiring the commission to report on specific workload metrics by January 10 of each year.
- **Investment in the Arts.** The Senate approved a total one-time augmentation of \$10 million (General Fund) to meet the increased demand in the California Arts Council’s existing grant programs, and to conduct a thorough evaluation of the grant program portfolio.
- **Economic Incentives and Tax Credits.** The Senate approved the following items related to economic incentives and tax credits:
  - **California Competes Tax Credit Program.** The Senate approved a five-year extension of the California Competes Tax Credit program at \$180 million per year through the 2022-23 fiscal year to ensure that California retains this vital program in order to continue to attract, expand, and retain businesses in California.
  - **Small Business Assistance.** The Senate approved \$20 million, each year, for the next five years to establish the Small Business Development Technical Assistance Expansion Program, which will expand federal small business technical assistance programs into new and/or underserved small business segments, with a focus on women, minority, and veteran-owned businesses and businesses in underserved, rural, and disaster-impacted communities. These funds will also be used to assist the California Small Business Development Center program in drawing down federal funds.
  - **Earned Income Tax Credit.** The Senate took action to expand the Earned Income Tax Credit to working individuals who are aged 18 to 24 or over age 65. In addition, the Senate expanded the qualifying income range for the credit so that employees working up to fulltime at the 2019 minimum wage of \$12 per hour would qualify for the credit. This expansion of the credit is expected to cost about \$60 million in 2018-19 and to benefit over 700,000 households. Lastly, the Senate added \$20 million for additional outreach and free tax preparation services.

- **Renters' Credit.** The Senate approved a proposal to increase the tax credit for taxpayers who rent their principal residence. The last increase in the renters' tax credit was 1979. Since then, rents in California have increased exponentially, but the renters' tax credit has never been increased. This proposal will restructure the renters' tax credit by aligning higher credit amounts to filers who have one or more dependents, as well as implementing an index that would keep the credit aligned with inflation. This proposal is estimated to result in revenue loss of \$44 million in 2018-19, growing in the out-years.
- **Teacher Tax Deduction – Professional Development Expenses.** The Senate approved trailer bill language to allow teachers to claim an above-the-line deduction, up to \$2,500, for fees incurred or paid to complete an induction program. Over time, local education agencies have allocated less funding to support induction programs, leaving teachers to pay out-of-pocket for induction program costs. This action is estimated to result in revenue loss of \$100,000 in 2018-19, and double the amount in the out-years.
- **Payment in Lieu of Taxes.** The Senate approved trailer bill language to undo an action included in the 2015 Budget Act to make Payment in Lieu of Taxes (PILT) optional instead of mandatory. PILT offsets the loss of county property tax revenue when the state acquires private property for state controlled wildlife management areas. The cost of this proposal is estimated at \$644,000 annually.
- **Tribal Taxes.** The Senate approved trailer bill language to exempt the earned income derived from tribal land of an individual who is a member of a federally recognized Native American tribe who resides within any tribal land in California. Tribal members must currently reside on their tribe's land to be exempt from state income tax on income they receive from that specific tribe. However, they are not exempt from state income tax on income they earn within any other tribal lands in California. Costs are estimated at \$1.1 million annually.
- **County Assessors' Grant Program.** The Senate approved \$5 million General Fund and trailer bill language for state supplementation of the County Assessors Program. The funds would provide county assessors with resources to hire new assessment staff and improve IT systems to allow assessors to more accurately value existing property and expeditiously enroll new property, which would thereby increase countywide assessed values. Higher assessed values would mean higher property tax revenue for K-14 schools, which offsets the state's Proposition 98 General Fund obligation.
- **Repealed Mandates Payment.** The Senate approved \$312.2 million General Fund to pay down a long-standing state liability associated with 14 expired or repealed state mandates, including the interest owed. Of that amount, \$280.5 million is owed as a result of mandates associated with mental health services, and local agencies are strongly encouraged to use new funds towards these services.
- **Office of Planning and Research (OPR).** The Senate approved a total of \$165 million one-time General Fund resources for the following two initiatives within OPR:

- **California institute to Advance Precision Health and Medicine.** The Senate approved trailer bill language to create the non-profit California Institute to Advance Precision Health and Medicine to fund research into precision and technology-enabled healthcare approaches, seeded with \$30 million in one-time General Fund resources. The trailer bill language includes reporting requirements and a sunset date of June 30, 2022 for the Institute.
- **California Complete Count – Census 2020.** The Senate approved \$135.3 million for the California Complete Count effort, augmenting the Governor’s request for \$40.3 million by an additional \$95 million in one-time General Fund resources. This includes funding for 22.0 limited-term positions to staff the California Complete Count effort to complement U.S. Census outreach, focusing on hard-to-count populations. This funding will be appropriated in 2018-19 and available for the duration of a three-year effort crossing over fiscal years 2018-19, 2019-20, and 2020-21.
- **Housing.** The Senate took several major actions to address the state’s ongoing affordable housing and homelessness crisis.
  - **Homelessness and Affordable Housing.** The Senate adopted a comprehensive funding package for housing and homelessness programs. The package provides \$5 billion in funding over four years, including:
    - \$2.1 billion for affordable housing construction through the state’s Multifamily Housing Program and Low-Income Housing Tax Credit program.
    - \$1 billion for long-term homelessness solutions that aim to get people off the streets and into supportive housing solutions through the Housing for a Healthy California Program and the Homeless Coordinating and Financing Council.
    - \$1 billion for immediate homelessness relief through block grants to local jurisdictions and funding several existing state housing and homelessness programs outlined in the Governor’s budget.
    - The package also shifts the Homeless Coordinating Council into the Business, Consumer Services, and Housing Agency, and appropriately resources the Council to engage in long-term strategic planning and identify solutions and funding for homeless youth.
  - **No Place Like Home.** The Senate approved trailer bill language to place the No Place Like Home program on the ballot for the November 2018 statewide general election. Additionally, the Senate approved a loan of \$1.2 million from the General Fund to fund 14 existing positions at the Department of Housing and Community Development (HCD) for the development of the first notice of funding availability (NOFA) for the program. This will allow the department to begin releasing funds for the program immediately following the November election, should voters approve the program.



- **Housing for a Healthy California.** The Senate approved \$450,000 in 2018-19, \$927,000 in 2019-20, \$477,000 in 2020-21, and \$343,000 ongoing from the Federal Trust Fund for two positions and an interagency agreement between HCD and the Department of Health Care Services (DHCS) to implement AB 74 (Chiu), Chapter 777, Statutes of 2017. The Senate also approved trailer bill language to establish authority to collect monitoring fees and deposit the fees into the Housing Rehabilitation Loan Fund, in order to allow HCD to monitor program-funded projects in the out-years.

## PUBLIC SAFETY

In recent years, the Senate has expressed concern over the growing costs of the state's correctional system and overall inmate physical and mental health. In response, the Senate established the long-term goals of reducing our prison population, improving inmate welfare, increasing accountability, ensuring that the California Department of Corrections and Rehabilitation (CDCR) maintains its current level of programs, and improving the outcomes for youth in the state's juvenile justice facilities. In accordance with these goals, the Senate's budget approved, modified, and adopted numerous proposals.

- **Reentry and Diversion Investments for Youth and Adults.** The Senate budget includes measures to reduce the high rate of recidivism among youth and adult offenders who serve time and to divert at-risk populations away from state prisons. Among these measures is an approved Legislative proposal to enhance reentry and diversion efforts across California. The Senate appropriated \$100 million General Fund for a reentry and diversion package that includes:
  - \$15 million for social workers in public defender offices. This enables the hiring of social workers to support cases in which minors are arrested and prosecuted in either juvenile or criminal court. The social workers may also support youth re-entry and other critical youth-related needs of the public defender office.
  - \$50 million to community-based organizations for reentry housing efforts.
  - \$35 million to focus on additional diversion and reentry efforts.
  - Trailer bill language that improves reentry outcomes and diverts low-level offenders from jail and prison through the removal of technical violations. Additionally, the trailer bill language addresses issues with inadequate parolee representation at parole hearings.
- **Supportive Housing Pilot for Mentally Ill Parolees.** Providing homeless parolees with supportive housing is proven to reduce recidivism. California-focused data shows that supportive housing tenants decrease their incarceration days by over 60 percent. The Senate therefore approved a Legislative proposal to dedicate \$5 million General Fund for a pilot program that will require CDCR to provide supportive housing to parolees experiencing homelessness or at risk of homelessness through existing federal funding, and to partner with counties once the participant transitions off of parole and into the community.
- **Increasing Credit Earning Opportunities.** The Senate approved various proposals to increase credit earning opportunities for inmates and support inmate welfare. First, the Senate approved the Governor's proposal for \$8.2 million General Fund and 21.5 positions in 2018-19 and \$4.5 million in 2019-20 and ongoing to expand Career Technical Education programming to 13 additional sites. Without additional expansion sites, 1,056 offenders would not have the opportunity to train in a marketable trade prior to release. This approved proposal instead increases the number of participants served by 1,142—thereby meeting the need. Additionally, the Senate approved the Governor's proposal for \$2.5 million General Fund and 13 positions in 2018-19 and ongoing to

implement a Rehabilitative Achievement Credit (RAC) earning program associated with the passage of Proposition 57. Additional self-help sponsor funds will ensure that facilities can expand inmate activity groups to meet inmate demand for RAC-eligible programs.

- **Improving Inmate Welfare.** The Senate approved higher funding than the Governor’s budget for Innovative Programming Grants. The CDCR initially requested \$4 million Inmate Welfare Fund in 2018-19 and ongoing for grants to non-profit agencies to provide rehabilitative services to offenders within institutions. Recognizing the importance of these innovative programs to inmate welfare, the Senate approved this requested funding, but with an additional \$1.5 million General Fund in 2018-19 and an additional \$5 million General Fund in 2019-20 and ongoing. The infusion of additional funds now provides a total of \$9 million per year, on a permanent basis starting in 2019-20.
- **Treatment of Hepatitis C Virus (HCV) in Prisons.** Chronic HCV infection is a major causal factor in the development of end-stage liver cirrhosis, which is a leading cause of hospitalizations and death in incarcerated patient populations, including in the CDCR adult institution population. Prevalence of HCV among California Correctional Health Care Services’ (CCHCS) patient population is estimated to be 16.4 percent, which is much higher than the one percent in the community, and is comparable to that of the Veterans Administration—which ranges from 6.6 to 21.7 percent. The Senate approved the Governor’s proposal to appropriate \$105.8 million annually in General Fund for three fiscal years, beginning in 2018-19, and ongoing through 2020-21, to the CCHCS so that they can implement the expansion of the HCV treatment program. This funding will result in a total budget of \$165 million for HCV treatment in 2018-19.
- **Contraband Interdiction and Medication Assistance Treatment Program.** The Senate approved the Governor’s proposal to appropriate \$9.1 million General Fund in 2018-19 and \$8.3 million General Fund in 2019-20 for the implementation of a two-year Contraband Interdiction Program at the California Substance Abuse Treatment Facility (SATF). The program will deploy contraband interdiction devices at the front entrance areas, employ a staffing complement to operate the devices, expand SATF’s canine teams, conduct enhanced vehicle and institution searches, and institute a medication assisted treatment program to respond to the opioid crisis.
- **Removing barriers in the Ventura Fire Camp Pilot.** The Senate approved the Governor’s proposal to appropriate \$7.7 million General Fund in 2018-19, \$6.3 million General Fund ongoing, and 12.4 positions, to operate a Firefighter Training and Certification Program for ex-offenders at the Ventura Training Center located at the Ventura Conservation Camp in Ventura County. Recognizing the barriers to reentry and obtaining employment upon completion of the program, the Senate modified the proposal by adopting placeholder trailer bill language that ensures all participants obtain a high school diploma or GED equivalent prior to the program’s completion and amends professional licensing provisions.
- **Shaping Training Initiatives and Policies.** The Senate approved multiple proposals with the goals of increased accountability amongst peace and correctional officers, as well as a move away from an incarceration-based correctional model to a rehabilitation-based model. The Senate approved a Legislative proposal for a one-time, \$45,000 augmentation to the Peace Officer Standards and Training (POST) to allow POST to update its model hate crimes policy and guidelines. Additionally, the Senate it approved the Governor’s proposal to appropriate \$12.9

million General Fund in 2018-19, \$21.6 million General Fund in 2019-20 and 2020-21, and \$19.3 million General Fund in 2021-22 and ongoing to add essential training for peace officer and supervisory positions to the CDCR.

- **Increased Investment in Violence Prevention and Reduction.** The Senate reinstated and doubled funding to permanently continue the California Violence Intervention and Prevention (CalVIP) program which has funded successful violence reduction programs, such as Operation Ceasefire, in our cities and counties. The Senate approved a Legislative proposal for an ongoing appropriation of \$18.4 million General Fund to the CalVIP program, which is an additional \$9.2 million above the funding level provided in 2017-18 and in previous fiscal years.

## JUDICIAL BRANCH AND DEPARTMENT OF JUSTICE

**Judicial Branch.** The Senate approved the Governor's budget proposals of about \$3.9 billion from all state funds (General Fund and state special funds) to support the judicial branch in 2018-19, an increase of \$188 million, or 5.1 percent, above the revised amount for 2017-18.

- **Trial Court Construction Funding.** The Senate approved the Governor's proposal to provide \$1.3 billion of General Fund-backed lease revenue bonds to complete construction on ten courthouse projects in 2018-19 and 2019-20.
- **Assistance for Self-Represented Litigants.** The California Judicial Council reported that 75 percent of civil cases nationally, and more than 80 percent of family law matters in California, involve at least one self-represented litigant. Many self-represented litigants in California cannot afford representation. In response, the Senate approved multiple proposals that increase access to resources for self-represented litigants. The Senate approved a one-time allocation of \$16 million General Fund for County Law Libraries to account for the difference between civil filing fee revenue in 2009 and currently. The Senate also approved the Governor's proposal for an ongoing augmentation of \$19.1 million General Fund beginning in FY 2018-19 to increase the amount of paralegals and attorneys at self-help centers. Additionally, the Senate approved the Governor's proposals to increase language access for litigants.
- **Assistance for Family Law Proceedings.** Court reporters serve a critical function in court proceedings. Without a transcript of the proceedings, litigants are: (1) unable to appeal decisions; (2) unable to draft orders effectively, and (3) unable to accurately recount what actually happened during proceedings. The Senate approved the following: a total budget of 1) \$10 million in 2018-19, growing to 2) \$20 million in 2019-20, and growing to 3) \$30 million in 2020-21 to address the need for court reporters in family law proceedings.
- **Mitigating Consequences of Traffic Violations on Low-Income Californians.** The inability to pay traffic fines and fees has been an issue for low-income Californians for decades. To address these ongoing problems, the Senate approved the Governor's proposal to fund an online traffic adjudication pilot with placeholder trailer bill language. The trailer bill language includes, at a minimum, an ability-to-pay calculation with an 80 percent presumptive baseline reduction of fees that may be overridden by a judge and the additions of pilot counties that have a minimum population threshold. These provisions were included with the intention of expanding the reach of the program to larger counties with a higher population of impacted groups.
- **Addressing Driver's License Holds for the Failure to Appear in Court.** Administrative burdens levied on low-income Californians for failure to appear offenses on traffic fines and fees are an additional statewide problem. In response, the Senate adopted placeholder trailer bill language requiring that, after a person who has a failure-to-appear (FTA) offense satisfies the order of the court to appear, the court shall lift any driver's license hold. The language also states that the court shall not issue a bench warrant for FTA offenses. Finally, the language requires the court to mail a courtesy warning notice to the defendant at least 20 days before sending a notice to the Department of Motor Vehicles (DMV) that the defendant failed to appear in court.

**Department of Justice (DOJ).** The Senate approved the Governor’s budget proposals to provide \$295 million General Fund for the DOJ. This represents a \$75 million General Fund increase over the 2017-18 and includes:

- **Tax Recovery and Criminal Enforcement (Trace) Task Force Program Expansion.** The TRaCE task force established by AB 576 (Pérez), Chapter 614, Statutes of 2013, is a multi-agency effort that focuses on investigating and prosecuting individuals involved in the underground economy. The Senate approved \$11.9 million in 2018-19, \$17.3 million in 2019-20, and \$16.6 million in 2020-21 for the augmentation of the TRaCE task force program. The funding specifically supports full-time dedicated staffing, an increase in DOJ agents, and expansion of the force to major metropolitan areas such as San Francisco, Fresno, and San Diego.
- **Sexual Assault Evidence Kit Backlog Removal.** Following a sexual assault, survivors in California may elect to undergo a forensic medical examination to collect evidence through a kit. Testing DNA evidence in these kits can identify an unknown assailant, link crimes together, identify serial perpetrators, and exonerate the wrongfully convicted. Depending on the jurisdiction in which the crime occurred, however, the timeframe for submission and analysis of kits may vary widely, slowing the criminal justice process and resulting in a backlog. The Senate therefore approved a one-time allocation of \$6.5 million General Fund with placeholder budget bill language. The budget bill language specifies that this allocation shall only be used for reducing the statewide sexual assault kit backlog throughout California. Moreover, the trailer bill language grants an allocation to counties, provided that they match the grant. In awarding grants, the DOJ shall prioritize applications to eliminate existing backlogs of unprocessed evidence.

## LABOR

The Senate provided significant resources to address a backlog of labor cases, and to increase job training opportunities for inmates and ex-offenders. The Senate's budget plan includes the following actions:

### **Department of Industrial Relations (DIR)**

- Approved \$3.5 million Employment Training Fund and 22.0 positions in 2018-19, \$4.5 million and 32.0 positions in 2019-20, \$5.7 million and 42.0 positions in 2020-21, and \$5.6 million ongoing to expand statewide apprenticeship opportunities to nontraditional industries and the inmate population.

### **California Department of Human Resources**

- Approved three permanent positions and \$1.5 million (\$720,000 General Fund, \$132,000 Reimbursement, \$47,000 Special Funds, and \$546,000 Central Service Cost Recovery Fund) in 2018-19 and ongoing to establish a centralized unit, within the Office of Civil Rights, specifically responsible for the statewide oversight of monitoring and addressing discrimination and harassment complaints received by state entities.

### **California Workforce Investment Board**

- Approved \$37 million one-time General Fund for the Prison-to-Employment Initiative to fund job training programs and support services for ex-offenders. Additionally, the funds would help local boards create regional partnerships and plans to integrate services with the California Department of Corrections and Rehabilitation, parole centers, county probation departments, and community-based reentry services.

### **Public Employment Relations Board (PERB)**

- Approved \$5 million ongoing General Fund for PERB to process cases in a timely manner and to reduce a backlog.