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## ***CALIFORNIA STATE SENATE***

COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019  
SACRAMENTO, CA 95814



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SANDY PEREZ

COMMITTEE ASSISTANT  
SAMUEL LANCHESTER

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

## ***Agenda***

***May 28, 2020***

***Upon Adjournment of Governance and Finance Committee***

***State Capitol – Senate Chamber***

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**Budget Act of 2020**

**Overview of the Senate Budget Plan**

**ITEMS PROPOSED FOR VOTE-ONLY**

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## Subcommittee No. 1 on Education

<b>K-12 Education</b>						
<b>Issue</b>	<b>Department</b>	<b>Subject</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Staff Comments</b>	<b>Staff Recommendation</b>
1	Department of Education	School Re-Opening Support Block Grant		100.000	This legislative proposal provides \$100 million in federal Elementary and Secondary Schools Emergency Relief funds for a School Re-Opening Support Block Grant. Funds would be provided to LEAs on a per ADA basis, excluding non-classroom based charter schools, to LEAs that re-open physical school sites for the 2020-21 school year. Funds may be used to offset costs related to re-opening, including cleaning supplies, equipment, training for certificated and classified staff, outreach and communication to families and students, and social emotional supports for students re-entering school.	Adopt proposal and placeholder trailer bill language.
2	Department of Education	Opportunity Grant Program	-300.344		The Governor's Budget included \$300 million in 2019-20 Proposition 98 funding for a Opportunity Grant Program. The May Revision withdraws the proposal and associated trailer bill language.	Approve the May Revision withdrawal.
3	Department of Education	Adults in Correctional Facilities	-9.765		The Administration proposes statutory changes to decrease the appropriation of Item 6100-158-0001 of the Budget Act of 2019 (Chapter 23, 55, 80, and 363 of the Statutes of 2019) by \$9,765,000 Proposition 98 General Fund to reflect savings related to the unexpended balance of the Adults in Correctional Facilities Program.	Adopt May Revision proposal and placeholder trailer bill language.

4	Department of Education	Prior Year - Loan Payment Adjustments	0.179		The May Revision includes adjustments in 2018-19 Proposition 98 funding to make technical adjustments for loan payments for the Oakland Unified School District, the Vallejo City Unified School District, and the South Monterey County Joint Unified High School District.	Adopt May Revision proposal.
5	Commission on Teacher Credentialing	Loan to the General Fund		14.000	The May Revision includes a proposal to allow for a loan from the Teacher Credentials Fund to the General Fund of up to \$14 million.	Approve the May Revision proposal and associated budget bill language.
6	Department of Education	Excess Educational Revenue Augmentation Fund Trailer Bill Language		--	This May Revision proposal would authorize a penalty for counties when County Auditor Controllers do not allocate K-12 ERAF funds in accordance with guidance to be provided by the Department of Finance.	Adopt placeholder trailer bill language.
7	Department of Education	Surplus Property Trailer Bill Language		--	This May Revision proposal would allow school districts to use proceeds from the sale of surplus property for any one-time general fund use.	Adopt placeholder trailer bill language.
8	Department of Education	School District Territory Transfers Trailer Bill Language		--	The Governor's Budget included, and the May Revision amends, trailer bill language to minimize local territory transfer appeals to the State Board of Education by prohibiting appeals when a county committee on school district reorganization disapproves a territory transfer.	Adopt placeholder trailer bill language.

9	Department of Education	Average Daily Attendance (ADA) Hold Harmless and Instructional Requirements Trailer Bill Language			<p>This legislative proposal would provide an average daily attendance (ADA) hold harmless for purposes of funding for the 2020-21 fiscal year at the 2019-20 ADA level as established by SB 117. As a condition of receiving the ADA hold harmless in the 2020-21 fiscal year, an LEA must provide distance learning for students in the event of a school closure, or for individual students who are unable to attend schools due to the impacts of COVID-19. Distance learning shall be 1) substantially similar in curriculum and quality to classroom instruction, 2) provided in various formats, as needed, to meet student and family needs, 3) include specific strategies for students who are not performing at grade level or whom need specific instructional supports, such as English learners and students with disabilities, 4) allow for documentation of student participation and progress, and 5) include outreach to families. LEAs will be required to describe, in new Individualized Education Plans (IEPs) and existing IEPs as they come up for review, how services will be provided if distance learning is required. LEAs will be required to adopt “continuity of learning and support” plans by September 15, 2020, including making time for public comment available, that detail how the LEA will fulfill these and other requirements.</p>	Adopt placeholder trailer bill as described.
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<b>Child Care and Early Education</b>						
<b>Issue</b>	<b>Department</b>	<b>Subject</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Staff Comments</b>	<b>Staff Recommendation</b>
10	School Facilities Aid Grant Program	Full Day Kindergarten Facilities Grant Program.	-300.000		The Governor's Budget included a shift of \$300 million in unallocated funds from the Full Day Kindergarten Facilities Grant Program to support preschool facilities. The May Revision withdraws the proposal and reverts the funds to the General Fund.	Approve the May Revision proposal to revert funds and adopt placeholder trailer bill language.
11	Department of Education	Child Care Regional Market Rate Reduction (Voucher-Based Programs)	-170.527		The May Revision included a reduction to the Child Care Regional Market Rate of ten percent. This reduction was proposed to be backfilled if federal funds were made available.	Reject the May Revision proposal.
12	Department of Education	Child Care Standard Reimbursement Rate Reduction (Non-LEA State Preschool and General Child Care)	-123.546		The May Revision included a reduction to the Standard Reimbursement Rate of ten percent and a reduction for a one percent add on for full-day programs. These reductions were proposed to be backfilled if federal funds were made available.	Reject the May Revision proposal.
13	Department of Education	Child Care Programs Savings	-63.000		The May Revision includes a reduction of \$63 million in one-time General Fund within existing child care, CalWORKs stage 2 (\$10 million and General Child Care and Development Schedule (\$53 million). These funds were available unexpended balances and are reverted to the General Fund.	Approve the May Revision proposal to revert funds and associated budget bill language.

14	Department of Education	Early Learning and Care Infrastructure and Workforce Development Grants	-363.000		The May Revision includes a reduction of \$363 million in one-time 2019-20 funding for the Early Learning and Care Infrastructure and Workforce Development Grants, reverts those funds to the General Fund and eliminates these programs. In addition, the May Revision removes the use of funding available from the Child Care Revolving Loan for these programs.	Approve the May Revision proposal to revert funds and adopt placeholder trailer bill language.
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<b>Higher Education</b>						
<b>Issue</b>	<b>Department</b>	<b>Subject</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Staff Comments</b>	<b>Staff Recommendation</b>
15	California Student Aid Commission	Dreamer Service Incentive Grant Program	-1.210		The 2019-20 budget act created the Dreamer Service Incentive Grant and provided \$9 million for this purpose, and of these funds \$1.5 million was one-time for administration. The Governor's proposal corrects a technical error to make the \$1.5 million one-time and also provides \$294,000 to support three positions for the program.	Approve May Revision Proposal.



16	California Student Aid Commission	Golden State Teacher Grant Program Administration	-88.41	15.000	<p>The 2019-20 budget created the Golden State Teacher Grant Program and provided \$89.8 million General Fund one-time to support the program.</p> <p>The May Revision withdraws the January budget proposal to provide CSAC position authority for four positions to support the Golden State Teacher Grant Program. The May Revision also Governor also proposes to reduce the program by \$88.4 million from 2019-20 for a total of \$1.35 million to support outreach and administration.</p> <p>The May Revision provides \$15 million in reimbursement authority from federal Individuals with Disabilities Education Act (IDEA) funds to provide grants for special education teachers through the Golden State Teacher Grant Program.</p>	Reject the proposal to reduce the program by \$88.4 million. Approve the \$15 million May Revision proposal. Adopt the Senate Trigger plan.
17	Scholar Share	California Kids Investment and Development Savings program-Statewide Child Savings Account Program	-15.000		<p>The 2019-20 budget created the California Kids Investment and Development Savings program and provided \$25 million one-time General Fund. This program provides grants to local entities administering college savings programs for kindergarteners. The May Revision proposes to reduce the 2019-20 appropriation by \$15 million, for a total of \$10 million for the program.</p>	Reject and adopt the Senate Trigger plan.
18	University of California	UC Merced - UCSF Fresno branch	-13.800		<p>The January budget proposal provided \$15 million to support the UC Merced - UCSF Fresno branch. The May Revision reduces this proposal by \$13.8 million, for a total of \$1.2 million ongoing General Fund support.</p>	Reject the May Revision Proposal. Approve the January proposal.

19	University of California	UC Riverside School of Medicine	-13.700		The January budget proposal provided an increase of \$25 million ongoing General Fund for UC Riverside School of Medicine to support enrollment growth and operational costs. The May Revision reduces this proposal by \$13.7 million, for a total of \$11.3 million ongoing General Fund support for operational costs. The May Revision also proposes to remove the nonplantation BBL associated with this increase.	Reject the May Revision Proposal. Approve the January proposal.
20	University of California	UC Base Reduction	-338.000		Proposal. The May Revision proposes a trigger cut of 10 percent or \$338 million ongoing General Fund for UC compared to 2019-20. The May Revision proposes intent language to specify that the reduction in ongoing support not have a disproportionate impact on low-income students, students from underrepresented minority groups and other disadvantaged students. The BBL specifies that the UC shall not implement adjustments in a manner that disproportionately impacts the enrollment of and services to these students.	Reject the May Revision proposal. Adopt the Senate Trigger plan.
21	University of California	Deferred Maintenance			According to the UC, the UC has \$24.4 million in unencumbered deferred maintenance funding. The LAO recommends the Legislature to redirect unspent funds to help achieve budget solutions.	Adopt BBL to redirect unspent deferred maintenance funds to help support core operations, including enrollment and student support services.

22	University of California	UC Office of the President, UC Path, UC Division of Agriculture and Natural Resources	-40.370		The May Revision proposes a trigger cut for UC Office of the President, UC Path and UC Division of Agriculture Natural Resources by 10 percent. Specifically, UCOP will be reduced by \$21.5 million to a total appropriation of \$193.73 million, UC Path will be reduced by \$11.24 million to a total of \$47.16 million, and UC ANR is reduced by \$7.62 million to a total of \$68.61 million.	Reject the May Revision proposal. Adopt the Senate Trigger plan.
23	Hastings College of Law	Hastings College of Law	-1.500		The May Revision proposes a trigger cut of \$1.5 million ongoing General Fund or 10 percent reduction for Hastings College of Law.	Reject the May Revision proposal. Adopt the Senate Trigger plan.
24	California State University	CSU Base Reduction	-398.000		The May Revision proposes a trigger cut of \$398 million ongoing General Fund or 10 percent for CSU. The May Revision proposes intent language to specify that the reduction in ongoing support not have a disproportionate impact on low-income students, students from underrepresented minority groups and other disadvantaged students. The BBL specifies that the CSU shall not implement adjustments in a manner that disproportionately impacts the enrollment of and services to these students.	Reject the May Revision proposal. Adopt the Senate Trigger plan.
25	California State University	Deferred Maintenance			The CSU notes that it has \$146 million in unencumbered deferred maintenance funds from prior years. The LA notes that the Legislature could redirect unspent funds from prior years to help address operations.	Adopt BBL to redirect unspent deferred maintenance funds to help support core operations, including enrollment and student support services.

26	California Community Colleges	Provide Funding for the Fair Pay to Play Act per CH.383/2019 (SB 206)	-0.700	<p>SB 206 (Skinner), Chapter 383, Statutes of 2019 established the Fair Pay to Play Act required the CCCs to convene a working group to review current rules governing the use of athletes' name, image and likeness, among other provisions. The January budget provided \$700,000 one-time General Fund to convene the workgroup and develop the report.</p> <p>The May Revision withdraws the proposal. The May Revision summary document notes that the Administration expects the Chancellor's Office to seek private philanthropy to support this work and report.</p>	Reject the May Revision proposed cut. Adopt Senate Plan.
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27	California Community Colleges	Facilities - Reappropriation			<p>The May Revision proposes to reappropriate funds for 9 capital outlay projects. (1) Imperial Valley College- academic building - construction ,(2) Laney College - Learning Resource Center- construction,(3) Merritt College- child development center - construction,(4) College of Alameda - replacement of buildings B and E - working drawings,(5) Fullerton College - business and humanities building, construction,(6) San Francisco CCD, utility replacement Construction,(7) San Francisco CCD, Seismic and code upgrades 0 construction, (8) Laney College - modernize theatre building - working drawings, (9) Merritt College - horticulture building replacement, working drawingsAdditionally, the May Revision withdraws reappropriation of the Cabrillo Modernization provided in the January budget. This is because the college was not able to secure a local match, and the district requested it to be withdrawn.</p>	Approve May Revision Proposal.
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28	California Community Colleges	System of Support Categorical	-18.780		<p>The January budget proposed the creation of the CCC System of Support Program, which redirects \$125 million ongoing Proposition 98 from eight existing programs: Strong Workforce Program (\$12.4 million), online education initiative (\$20 million), student equity and achievement program (\$16.6 million), financial aid administration (\$5.3 million), Institutional Effectiveness (\$27.5 million), NextUp foster youth program (\$0.8 million), transfer education and articulation (\$0.7 million) into the new program. The TBL authorizes the Board of Governors allocate the \$125 million for: (1) program and administrative costs, (2) media campaigns, (3) program and administrative costs relating to fiscal health of districts, (4) institutional effectiveness, (5) technology services, (6) program and courses through technology, and (7) transfer articulation. The BOG will report to the Legislature on expenditures in the following year. The May Revision sustains this proposal but proposed a trigger reduction of \$18.78 million to the program.</p>	<p>Defer without prejudice the creation of the program. Reject the cuts with associated categoricals, and adopt senate plan.</p>
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29	California Community Colleges	CalBright College	-3.000		The May Revision proposed a \$3 million ongoing trigger reduction for Calbright. According to the LAO the college has \$20 million in carry over funds from 2019-20, and \$2 million from 2018-19. Additionally, most of the \$100 million appropriated in 2018-19 is unspent.	Approve the proposal to reduce CalBright's budget by \$3 million ongoing, and reject the proposal to backfill if additional federal funds are available. Additionally, redirect \$55 million of the one-time appropriation, and \$22 million in prior year carryover funds to the CCC base apportionment.
30	California Community Colleges	Work-Based Learning	20.000		The January budget proposed \$20 million one-time Proposition 98 to create a new work-based learning initiative. The May Revision also makes this a trigger cut.	Reject the creation of this program, and remove it from the list to be restored.
31	California Community Colleges	CCC Deferrals			The May Revision proposes trailer bill language to implement deferrals in 2019-20 and 2020-21. The TBL proposes a decrease of \$330.13 million Proposition 98 GF to reflect an apportionments deferral in 2019-20 to 2020-21, and a decrease of \$662.12 million Proposition 98 GF to reflect and apportionments deferral to 2021-22. The TBL does not specify a deferral payment date for the May 2021 and June 2021 deferrals.	Adopt placeholder trailer bill language.

32	California Community Colleges	SCFF Rates Calculation Trailer Bill Language			The May Revision proposes TBL to specify that when calculating the three-year rolling average for the 2020-21 base allocation, colleges may use enrollment data for 2019-20 in place of funded credit enrollment data for 2020-21. The TBL also authorizes colleges to use data from 2018-19 in place of 2019-20 data to calculate the 2020-21 supplemental, performance and equity data.	Adopt placeholder trailer bill language.
33	California Community Colleges	SCFF Hold Harmless	41.040		The May Revision requests an increase of \$41.04 million Proposition 98 GF to reflect a revised estimate of hold harmless funding for districts under the SCFF.	Approve \$41.04 million P98 for hold harmless.



**Subcommittee No. 2 on Resources and Transportation**

<b>Natural Resources and Environmental Protection</b>								
<b>Issue</b>	<b>Entity</b>	<b>Department</b>	<b>BR Title</b>	<b>General Fund BY</b>	<b>Other Funds BY</b>	<b>Positions BY</b>	<b>Staff Comments</b>	<b>Staff Recommendation</b>
1	0540	Secretary of the Natural Resources Agency	Reversion of Legislative Investments	--	0	--	The MR adds Item 0540-495 to revert the unencumbered balance of various Legislative investments in the 2019 Budget Act.	Reject.
2	3100	Exposition Park	California Science Center: Reversion of Legislative Investment	0	0	—	The MR reverts the unencumbered balance of 2019 Budget Act legislative investments.	Reject.
3	3480	Department of Conservation	Withdraw Funding for Stream Gage Plan Implementation (SB 19)	-119,000	--	--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife, and Department of Conservation requested funding in GB of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Reject.
4	3540	Department of Forestry and Fire Protection	Reversion of Legislative Investments	--	0	--	The MR adds Item 3540-497 be added to revert the unencumbered balance of various 2018 and 2019 Legislative investments.	Reject.

5	3540	Department of Forestry and Fire Protection	Withdraw Funding for Workers' Compensation (SB 542). Modification of Increased Workers' Compensation Costs (SB 542)	- 2,725,000 0	-137,000	-2	The GB proposed \$362,000 from various funds (\$2.725 million GF) in 2020-21, \$320,000 from various funds (\$198,000 GF) ongoing, and two positions, to address anticipated increases in workers' compensation claims workload related to implementation of SB 542 (Stern), Chapter 390, Statutes of 2019.	Reject.
6	3540	Department of Forestry and Fire Protection	Withdraw Funding for Wildfire Forecast and Threat Intelligence Integration Center (SB 209)	- 5,608,000 0	--	-11	The GB included a joint proposal for the Governor's Office of Emergency Services, CalFire, California Public Utilities Commission (PUC), and California Military Department requesting a total of 22 positions, \$8.794 million GF, \$191,000 PUC Utilities Reimbursement Account (PUCURA) in 2020-21; \$6.109 million GF, \$190,000 PUCURA in 2021-22, and \$6.097 million GF, \$190,000 PUCURA ongoing to support the implementation and strategy development of the Wildfire Forecast and Threat Intelligence Integration Center.	Reject.
7	3540	Department of Forestry and Fire Protection	Withdraw Funding for Law Enforcement Use of Deadly Force: Policy and Training Update (SB 230/AB 392)	- 1,689,000 0	--	-2	The GB included a joint proposal for CalFire, Department of Parks and Recreation, and Department of Fish and Wildlife for a collective six positions, \$3.2 million GF in 2020-21 and \$1.8 million in 2021-22 ongoing, to implement the training and policy components related to law enforcement use of deadly force.	Reject.

8	3540	Department of Forestry and Fire Protection	Modification of Wildfire Mitigation Financial Assistance Pilot Program and Defensible Space (AB 38)	-933,000		-3	<p>The GB included a proposal for both the California Office of Emergency Services (Cal OES) and CalFire, which jointly requested \$10.1 million (\$1.8 million GF and \$8.3 million GGRF) in 2020-21, \$7.7 million (\$1.6 million GF and \$6.1 million GGRF) annually through 2024-25, \$6.1 million GGRF ongoing, and 33 positions to implement AB 38. This proposal also included \$100 million (\$25 million GF and \$75 million Federal Trust Fund) for Cal OES to administer wildfire mitigation grants through the home hardening pilot program. For the CalFire portion of the proposal, the MR decreases GF by \$933,000 and three positions (essentially withdrawing this portion of the GB proposal). The MR also maintains \$8.314 GGRF and 26 positions for CalFire to address workload related to defensible space compliance documentation requirements for home sellers in High and Very High Hazard Severity Zones, and assisting CNRA with completing a regional forest health and fire prevention capacity review.</p>	Reject.
9	3600	Department of Fish and Wildlife	Reversion of Legislative Investments	--	0	--	<p>The MR adds Item 3600-495 to revert the unencumbered balance of Legislative investments in the 2019 Budget Act.</p>	Reject.

10	3600	Department of Fish and Wildlife	Withdrawal of Proposed Water Transfers from Groundwater Basins Underlying Desert Lands (SB 307)	-420,000	--	-2	The GB proposed two positions, \$420,000 GF in 2020-21 and \$400,000 ongoing to evaluate potential impacts to fish and wildlife and their habitats from proposed water transfers from groundwater basins underlying desert lands in San Bernardino County and to provide consultation with the State Lands Commission.	Reject.
11	3600	Department of Fish and Wildlife	Withdrawal of Freshwater and Estuarine Harmful Algal Bloom Program (AB 834)	-214,000	--	-1	The GB proposed one position, \$214,000 GF in 2020-21 and \$202,000 in 2021-22 ongoing, to address the workload addressing harmful algal blooms and protecting water quality and public health.	Reject.
12	3600	Department of Fish and Wildlife	Withdrawal of Streamlined Temporary Permit and Temporary Change Order Water Permitting for Groundwater Sustainability Implementation (AB 658)	1,119,000	--	-5	The GB proposed five positions, \$1.119 million GF in 2020-21 and \$1.059 million ongoing to fund activities associated with a new streamlined temporary permit and temporary charge order water permitting process to support groundwater storage. TBL requires the State Water Resources Control Board, in setting a specified fee schedule, to include an amount estimated by the board, in consultation by the Department of Fish and Wildlife, necessary to recover costs incurred by the department.	Reject.
13	3600	Department of Fish and Wildlife	Withdrawal of Camp Fire Assistance Act of 2019 Implementation (AB 430)	-275,000	--	-1	The GB proposed one position, \$275,000 GF in 2020-21 and \$220,000 ongoing to support increased workload in the Environmental Review and Permitting program.	Reject.

14	3600	Department of Fish and Wildlife	Withdrawal of Statewide Bobcat Management (AB 1254)	2,742,000	-	0	The GB proposed funding for staff, field equipment, and vehicles to design and implement a statewide monitoring to assess bobcat populations as well as to develop a bobcat management plan and implement the state bobcat management program. AB 1254 prohibits the hunting of bobcats, effective January 1, 2020. The prohibition will remain in place until DFW completes a bobcat management plan and the California Fish and Game Commission authorizes the reopening of bobcat hunting seasons.	Reject.
15	3600	Department of Fish and Wildlife	Withdrawal of Stream Gaging Plan (SB 19)	-24,000	-	-	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife , and Department of Conservation requested funding in GB of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Reject.
16	3600	Department of Fish and Wildlife	Withdrawal of Law Enforcement Use of Deadly Force: Policy and Training Update (AB 392/SB 230)	-883,000	-	-2	The GB proposed \$2.742 million GF in 2020-21 and \$2.389 million GF in 2021-22, to fund staffing, field equipment, and vehicles to design and implement a statewide monitoring plan to assess bobcat populations.	Reject.

17	3600	Department of Fish and Wildlife	Modification of Advancing Biodiversity Protection, Operational Modernization, and Regulatory Efficiencies	32,651,000	0	-53	The MR decreases Item 3600-001-0001 by \$32.651 million and 53 positions to reduce the level of resources requested in GB. This modified proposal prioritizes land management activities and an initiative to cut green tape.	Approve proposal as modified.
18	3600	Department of Fish and Wildlife	Baseline Funding Reduction	33,704,000	—	—	The MR decreases Item 3600-001-0001 by \$33.704 million to reduce the department’s state operating funding. It is also requested that provisional language be added to authorize the department to transfer funds between schedules with the Department of Finance’s approval to allow for additional flexibility to address priority needs.	Reject.
19	3600	Department of Fish and Wildlife	Transfer from the General Fund to the Biodiversity Protection Fund per pending legislation	18,851,000	18,851,000	—	The MR adds 3600-012-001 in the amount of \$18.851 for an expenditure transfer to the new Biodiversity Protection Fund. It is also requested that Item 3600-002-3374 be added in the amount of \$18.851 to reflect an expenditure to support the department’s Biodiversity Conservation and Enforcement Programs. This proposal includes trailer bill language to establish the Biodiversity Protection Fund and make this an annual General Fund transfer. The trailer bill language also rolls back the sunset for annual transfer of \$30 million from General Fund to the Habitat Conservation Fund from June 30, 2030, to January 1, 2021.	Reject.

20	3600	Department of Fish and Wildlife	Federal Endangered Species Act Litigation Attorney's Fees	344,000	---	---	The MR increases Item 3600-001-0001 (GF) to pay for one-time attorney's fees related to federal Endangered Species Act litigation.	Approve as proposed.	
21	3790	Department of Parks and Recreation	Reversion of 2019 Budget Act Legislative Investments	--		0	--	The MR adds Item 3790-497 to revert the unencumbered balance of various 2019 Legislative investments.	Reject.
22	3790	Department of Parks and Recreation	Withdrawal of State Beaches and Parks Smoking Ban (SB 8)	- 2,048,000	--		--	The GB proposed \$2.048 million GF one-time to create, replace, or upgrade signage with language depicting a smoking prohibition on state beaches or in a unit of the state parks system.	Reject.
23	3790	Department of Parks and Recreation	Withdrawal of Outdoor Environmental Education Grant Program (AB 209)	- 20,000,000	--		--	The GB proposed \$20 million GF one-time to implement the Outdoor Environmental Education Grants Program.	Reject.
24	3790	Department of Parks and Recreation	Withdrawal of Law Enforcement Use of Deadly Force Training Policy Updates (SB 230/AB 392)	-619,000	--		-2	The GB included a joint proposal for CalFire, Department of Parks and Recreation, and Department of Fish and Wildlife for a collective six positions, \$3.2 million GF in 2020-21 and \$1.8 million in 2021-22 ongoing, to implement the training and policy components related to law enforcement use of deadly force.	Reject.
25	3790	Department of Parks and Recreation	Restorations Trigger Related to Federal Funds	- 30,000,000	---		---	The MR includes an ongoing unallocated reduction of \$30 million GF to the Parks baseline budget beginning in 2021-22. This reduction would be "triggered off" if the state receives sufficient additional federal stimulus funds.	Reject.

26	3860	Department of Water Resources	Reversion of Legislative Investments	--		0	--	The MR adds Item 3860-496 to revert the unencumbered balances of Legislative investments in the 2019 Budget Act.	Reject.
27	3860	Department of Water Resources	Withdrawal of Stream Gaging Plan Implementation (SB 19)	-383,000	--		--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife, and Department of Conservation requested funding in GB of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Reject.
28	3900	Air Resources Board	Withdraw San Diego County Air Pollution Control District Audit (AB 423)	--		-185,000	--	The GB proposed \$185,000 Air Pollution Control Fund (APCF) in 2020-21 to complete a program audit of the San Diego Air Pollution Control District from 2013-18. LAO Comment. AB 423 (Gloria), Chapter 744, Statutes of 2019, requires this audit be completed by June 2021. According to the administration, this proposal was withdrawn because the audit can be completed at a later date. However, the administration is not proposing to change the statutory deadline for the audit. LAO does not have any concerns with this proposal, but, if the proposal is ultimately withdrawn, the Legislature should consider moving the statutory deadline for the audit to a later date.	Reject.



29	3900	Air Resources Board	Withdraw Heavy-Duty Vehicle Inspection and Maintenance Program (SB 210)	--	-1,047,000	-4	The GB proposed \$1.047 million APCF and four permanent positions and \$729,000 ongoing to begin implementation of the Heavy-Duty Vehicle Inspection and Maintenance Program. The MR includes trailer bill language to amend recently chartered legislation to delay workload and associated cost pressures from SB 210 (Leyva), Chapter 298, Statutes of 2019.	Reject.
30	3900	Air Resources Board	Withdraw Wildfire Smoke Clean Air Shelters for Vulnerable Populations Incentive Pilot Program (AB 836)	--	-5,510,000	-1	The GB proposed \$510,000 APCF for five years and three positions (one permanent ongoing position) to administer the Wildfire Smoke Clean Air Shelters for Vulnerable Populations Incentive Pilot Program until January 1, 2025. The proposal included \$5 million APCF one-time to provide grants to create a network of clean air centers during wildfires and other smoke events.	Reject.
31	3940	State Water Resources Control Board	Reversion of Legislative Investments	--	--	--	The MR adds item 3940-496 to revert the unencumbered balance of various Legislative investments in the 2019 Budget Act.	Reject.
32	3940	State Water Resources Control Board	Withdraw Funding for Public Health: Fish and Shellfish: Public Health Advisories (AB 762)	-400,000	--	--	The GB proposed \$400,000 in 2020-21, which included \$380,000 for local assistance and \$20,000 one-time funding for state operations, and \$50,000 for local assistance annually thereafter, funded from GF to provide funding for local health officers to post fish consumption health warnings. The health warnings will notify the public about the potential risks of	Reject.

							consuming fish from certain contaminated water bodies.	
33	3940	State Water Resources Control Board	Withdraw Business Licenses: Stormwater Discharge Compliance (SB 205)	--	-175,000	-1	The GB proposed one permanent position and \$175,000 Waste Discharge Permit fund ongoing. SB 205 (Hertzberg) requires applicable licensed businesses to obtain regulatory coverage for industrial stormwater discharges through SWRCB Statewide Industrial Stormwater General Permit. Applicable industrial facilities must demonstrate current coverage under this permit when applying for a new city or county business license or renewing an existing license. TBL delays the applicability of the provisions of SB 205 from January 1, 2020 to January 1, 2023.	Reject.

34	3940	State Water Resources Control Board	Withdraw Freshwater and Estuarine Harmful Algal Bloom Program (AB 834)	--	-1,500,000	-5	The GB proposed \$1.5 million Waste Discharge Permit Fund (includes \$750,000 in contract and purchasing) and five permanent positions to support implementation of water quality and public health protection actions/components of the Freshwater and Estuarine Harmful Algal Bloom Program. TBL adds language to make establishing a Freshwater and Estuarine Harmful Algal Bloom Program upon the appropriation of funding and deletes deadline for the board to post a specified report by July 1, 2021.	Reject.
35	3940	State Water Resources Control Board	Withdraw Funding for Stream Gaging Plan (SB 19)	-67,000	-200,000	--	The Department of Water Resources, State Water Resources Control Board, Department of Fish and Wildlife , and Department of Conservation requested funding in GB of a total of \$1.575 million to develop a plan to deploy a network of stream gages. The Plan will address significant gaps in information necessary for water management and the conservation of freshwater species.	Reject.
36	3940	State Water Resources Control Board	Withdraw Funding for Onsite Wastewater Treatment Systems: Prohibited Chemicals (SB 317)	-200,000	--	--	The GB proposed \$200,000 GF to investigate methods to detect and quantify the presence of harmful chemicals in onsite wastewater treatment systems.	Reject.

37	3940	State Water Resources Control Board	Withdraw Funding for Update Uniform Statewide Criteria for Nonpotable Recycled Water Use (AB 1180)	-525,000	--	-1	\$The GB proposed \$525,000 GF for two years and \$175,000 for one permanent position ongoing to develop and adopt updated statewide nonpotable recycled water criteria, including work with stakeholder groups, draft regulations, and facilitate the regulations through the administrative and legal process.	Reject
38	3960	Department of Toxic Substances Control	Reversion of Legislative Investments	--	--	--	The MR adds Item 3960-495 to revert unencumbered balance of a Legislative investment in the 2019 Budget Act.	Reject.
39	8570	Department of Food and Agriculture	Reduction of California Biodiversity Initiative	3,901,000	--	--	The MR decreases by \$3.901 million GF to reflect reduced GF resources available for the California Biodiversity Initiative.	Reject.
40	0509	Governor's Office of Business and Economic Development (GO-Biz)	Climate Catalyst Revolving Loan Fund Trailer Bill Language	---	---	---	The MR includes trailer bill language to establish the Climate Catalyst Revolving Loan Fund Act of 2020.	Defer without prejudice.

## Energy

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
41	8660	Public Utilities Commission	Wildfire Forecast and Threat Intelligence Integration Center (SB 209)	--	-191,000	-1	The January budget included one position to support CalOES and CalFire in the Wildfire Forecast and Threat Intelligence Integration Center created by SB 209. This workload can be absorbed by other entities involved in the Center.	Approve withdrawal of this proposal.
42	3360	State Energy Resources Conservation and Development Commission	General Fund Loans	--	--	--	The May Revision includes several loans to the General Fund from various special funds. These loans range in size from three million to 25 million, and provide a total of \$52 million. These loans would be repaid at the discretion of the Department of Finance.	Approve as Budgeted.
43	8660	Public Utilities Commission	Loan from High Cost Fund B to General Fund	60,000,000	-60,000,000	--	The May Revision includes a loan from the California High Cost Fund B to the General Fund to provide General Fund relief.	Approve as Budgeted.
44	8660	Public Utilities Commission	Loan from Universal Lifeline Service Trust Fund to General Fund	300,000,000	-300,000,000	--	The May Revision provides for a loan from the LifeLine program to the General Fund to provide General Fund relief. This loan would severely impact the fund balance in 2020-21 and leave the fund precariously balanced.	Approve as Budgeted.
45	8660	Public Utilities Commission	Loan from California Advanced Services	60,000,000	-60,000,000	--	The May revision provides for a loan from the California Advanced Services Fund to provide General Fund relief.	Approve as Budgeted.

			Fund to General Fund					
46	8660	CPUC	Wildfire Proposals	--	29,600,000	103	<p>The structure of the proposal generally aligns with the requirements and intent of AB 1054 and AB 111. However, questions remain about the duration and shape of some of the workload in the out years. Specifically, the amount of work required to allocate costs from catastrophic wildfires is uncertain and subject to external factors. Additionally, the streamlining and process improvement work proposed here may result in out year savings that are not captured in this proposal.</p>	<p>Approve 63 permanent positions for wildfires, one position for Diablo Canyon, and nine administrative positions.</p> <p>Approve 16 positions for the fair allocation of wildfire damages, 15 positions for PUC streamlining and efficiency, and \$10 million per year for contracts for three years.</p>
47	8660	CPUC	CalSPEED Testing	--	2,813,000	3	<p>This request is generally reasonable. However, the outyear workload is subject to considerable uncertainty. As such, limited term resources are appropriate.</p>	<p>Approve \$2.8 million and three positions for three years.</p>

**Transportation**

Issue	Entity	Department	Subject	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
48	2720	Department of California Highway Patrol	E-Cigarette Tax Enforcement	--	7,000,000	10	The January budget included 10 positions and a \$7 million permanent augmentation from the Electronic Cigarette Products Tax Fund in 2020-21 for the purposes of creating a task force charged with combatting illicit vaping devices and products. This proposal is dependent upon the passage of the Administration's proposed vaping tax. This proposal contains trailer bill language as well as funding for the Department of Justice.	Reject without prejudice and defer consideration for a later date.
49	Various	Various	Reversion of Legislative priorities	--	--	--	Reverts unused or unencumbered funds from a variety of legislative investments in recent years.	Reject the reversions and reappropriate the remaining balances of these items.

50	2660	Department of Transportation	Transportation Loans and Transfers	--	--	--	State law typically limits transportation revenues to transportation uses. The Administration has indicated that, for accounting purposes, the SHA transfer consists of interest paid on SHA funds in state accounts, and therefore does not consist of gas tax revenues. This argument is legally uncertain.	Approve the \$21 million loan from the Local Airport Loan Account to the General Fund (\$21 million) and the transfer of \$32 million from the Traffic Congestion Relief Fund to the General Fund.  Reject the transfer of \$130 million from the State Highway Account to the General Fund.
51	2660	Department of Transportation	Local Airport Loan Account Transfer to State Aeronautics Account	--	2,500,000	--	The transfer will provide increased annual Local Assistance funding capacity of \$2,500,000 to fund the Aeronautics Program (Aeronautics) Airport Improvement Program (AIP) Matching Grant Program.	Approve as Budgeted.
52	7600	CDTFA	Authority for CDTFA to Collect Fuel Sales Tax Data from Airports	--	--	--	This bill would allow CDTFA to collect sales tax data from airports as required by the FEderal Aviation Administration.	Approve placeholder trailer bill language.



53	2740	DMV	Confirm EDD Access to DMV Personal Information Records	--	--	--	Allows DMV to share personal information with EDD for the purposes of tax administration and compliance.	Approve placeholder trailer bill language.
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**Subcommittee No. 3 on Health and Human Services**

**Health**

Issue	Entity	Department	Subject (BR Title)	General Fund	Other Funds	Positions	Staff Comments	Staff Recommendation
1	BU 0530 BU 4260 BU 4300	CA Health and Human Services Agency, Dept. of Health Care Services, and Dept. of Developmental Services	Electronic Visit Verification (EVV) Phase 2 Planning	\$705	\$3,046	12.0	These resources are in addition to the January budget request for resources to support the EVV project and avoid reductions in federal matching funds. The subcommittee voted to defer this proposal to allow the Administration to justify the request. Based on additional information and analysis, staff recommends approval.	AAB

2	BU 4140	Office of Statewide Health Planning and Development	Healthcare Payments Database Program Implementation	\$-	\$-	0.0	OSHPD proposes trailer bill language to establish the Health Care Payments Data System, provide for data collection, require publicly available reporting and data releases, require the protection of personal information, and allow OSHPD to assess a fee for access to non-public information in the system. Although the Administration has engaged stakeholders, consensus has not been achieved, and a policy bill is pending on this topic. Staff recommends adopting modified placeholder TBL to align with the pending policy bill.	Adopt Modified Placeholder TBL to align with pending legislation on this topic.
3	BU 4140	Office of Statewide Health Planning and Development	Elimination of Song-Brown Healthcare Workforce Training Program	(\$33,333)	\$-	0.0	OSHPD requests elimination of ongoing General Fund expenditure authority of \$33.3 million approved in the 2019 Budget Act. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.

4	BU 4260	Department of Health Care Services	Medi-Cal Rx and 340B Supplemental Payment Pool	(\$101,144)	(\$139,780)	0.0	DHCS requests expenditure authority of \$1.9 million (\$765,000 General Fund and \$1.1 million federal funds) in 2020-21 to support Medi-Cal Rx, the carve-out of pharmacy benefits from managed care. DHCS assumes General Fund savings of \$75.7 million for this transition, which results in significant impacts to health care providers that participate in the 340B drug rebate program. DHCS also requests to withdraw its January budget proposal of \$26.3 million General Fund for supplemental payments to offset the provider impact.	AAB
5	BU 4260	Department of Health Care Services	"Senior Penalty" and Medicare Part B Disregard (AB 1088) in Medi-Cal Aged and Disabled Program	(\$68,421)	(\$67,943)	0.0	DHCS requests to restore the "senior penalty" in Medi-Cal by declining to implement the increase in income eligibility for the Aged and Disabled Program approved in the 2019 Budget Act. DHCS also requests to eliminate the Medicare Part B disregard for the program, pursuant to AB 1088 (Wood), Chapter 450, Statutes of 2019, and to withdraw a BCP for implementation.	Reject Administration's proposal to restore the "senior penalty" and not implement AB 1088. Also reject withdrawal of BCP for AB 1088.
6	BU 4260	Department of Health Care Services	Hearing Aids Grant Program	(\$5,000)	\$-	0.0	WITHDRAWN – DHCS requests to withdraw its January budget proposal for \$5 million General Fund to provide hearing aids and associated services to uninsured non-Medi-Cal children up to 600 percent of the federal poverty level.	AAB/ Withdrawn

7	BU 4260	Department of Health Care Services	Undocumented Seniors Medi-Cal Eligibility	(\$69,200)	(\$69,200)	0.0	WITHDRAWN – DHCS requests to withdraw its January budget proposal to expand full-scope Medi-Cal coverage to income-eligible seniors regardless of immigration status.	Reject Administration’s withdrawal of this proposal, but instead implement on January 1, 2022. Adopt modified placeholder TBL to allow the Governor to delay further or implement early, depending on the availability of funding, and require DHCS to complete eligibility system modifications by July 1, 2020.
8	BU 4260	Department of Health Care Services	Adjust Managed Care Capitation Payments July 2019-December 2020	(\$181,978)	(\$403,938)	0.0	DHCS requests a reduction of \$182 million General Fund to adjust Medi-Cal managed care capitation payments for the period of July 2019 to December 2020. The adjustment lowers the gross medical expense portion of the capitation payments for this period due to anticipated lower costs and utilization related to the pandemic. DHCS also requests trailer bill language to implement this proposal.	Reject

9	BU 4260	Department of Health Care Services	COVID-19 Estimate Impacts	\$203,274	\$8,681,165	0.0	DHCS requests \$8.9 billion (\$203.3 million General Fund and \$8.7 billion federal funds) to reflect increased Medi-Cal caseload, eligibility and other flexibilities, and the increase in federal funds. Staff and LAO analysis of caseload estimates have raised concerns about the assumed distribution of caseload increases across various Medi-Cal eligibility categories.	Modify the Administration’s proposal to align with adjusted Medi-Cal caseload assumptions.
10	BU 4260	Department of Health Care Services	Eliminate Medi-Cal Extension for Post-Partum Mental Health	(\$34,291)	\$-	0.0	DHCS requests to eliminate the extension of pregnancy-only Medi-Cal coverage for up to 12 months after delivery for patients diagnosed with a maternal mental health condition, adopted in the 2019 Budget Act. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
11	BU 4260	Department of Health Care Services	Eliminate SBIRT for Opioids and Other Drugs	(\$466)	\$-	0.0	DHCS requests to eliminate funding for screening, brief intervention, and referral to treatment (SBIRT) for opioids and other drugs, adopted in the 2019 Budget Act. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.

12	BU 4260	Department of Health Care Services	Eliminate Community-Based Adult Services	(\$95,200)	(\$96,100)	0.0	DHCS proposes to eliminate Community-Based Adult Services (CBAS) as a Medi-Cal benefit. CBAS provides services to seniors and persons with disabilities to prevent skilled nursing admission. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
13	BU 4260	Department of Health Care Services	Eliminate EPSDT Case Management Allocation to Counties	(\$6,576)	(\$12,100)	0.0	DHCS proposes to eliminate funding for case management for counties administering the Early and Periodic Screening Diagnosis and Treatment (EPSDT) benefit to Medi-Cal eligible children. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
14	BU 4260	Department of Health Care Services	Eliminate Family Mosaic Project	(\$1,100)	\$-	0.0	DHCS proposes to eliminate funding for the Family Mosaic Project, which provides case management for children diagnosed with emotional disturbance who are at risk for out-of-home placement in San Francisco.	AAB

15	BU 4260	Department of Health Care Services	Elimination of Optional Medi-Cal Benefits	(\$54,265)	(\$123,747)	0.0	<p>DHCS proposes to eliminate the following optional benefits in the Medi-Cal program:</p> <ul style="list-style-type: none"> <li>• Adult dental (partial reduction)</li> <li>• Optometry</li> <li>• Optician/optical lab</li> <li>• Audiology</li> <li>• Incontinence creams/washes</li> <li>• Pharmacist-delivered Services</li> <li>• Speech therapy</li> <li>• Podiatry</li> <li>• Acupuncture</li> <li>• Nurse anesthetists</li> <li>• Occupational therapy</li> <li>• Physical therapy</li> <li>• Diabetes prevention program</li> </ul> <p>Many benefits were restored in the 2019 Budget Act for the first time since 2009. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.</p>	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
16	BU 4260	Department of Health Care Services	Eliminate Multipurpose Senior Services Program	\$-	(\$13,700)	0.0	<p>DHCS proposes to eliminate the multipurpose senior services program, administered under a federal waiver by the California Department of Aging. DHCS also proposes trailer bill language to implement the elimination of this benefit. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.</p>	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan. (Conforms to action in Department of Aging)

17	BU 4260	Department of Health Care Services	Eliminate Rate Carve- Out for Community Clinics	(\$50,000)	(\$50,000)	0.0	DHCS proposes to eliminate dental and pharmacy services carved out of a community clinic’s Prospective Payment System (PPS) rate. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
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18	BU 4260	Department of Health Care Services	Eliminate Proposition 56 Supplemental Payments, Value-Based Payments, Loan Repayment, and Staffing	(\$1,176,585)	\$668,764	0.0	<p>DHCS proposes to eliminate supplemental payments to Medi-Cal providers supported by Proposition 56 instead use that revenue to Medi-Cal program growth, including:</p> <ul style="list-style-type: none"> <li>• Physician services - \$389 million</li> <li>• Dental services - \$183.8 million</li> <li>• Women’s health - \$18.7 million</li> <li>• Family planning - \$35.9 million</li> <li>• Developmental screenings – \$20.8 million</li> <li>• CBAS – \$6.7 million</li> <li>• Non-emergency medical transportation – \$2.7 million</li> <li>• Intermediate care facilities – developmental disabilities – \$12.4 million</li> <li>• Hospital-based pediatric physicians - \$2 million</li> <li>• Adverse childhood experiences (ACEs) screening - \$7.6 million</li> <li>• ACEs provider training - \$21 million</li> </ul> <p>DHCS also proposes to revert \$177.8 million approved in the 2018 Budget Act and \$120 million approved in the 2019 Budget Act for physician and dentist loan repayment, as well as \$147 million allocated to the Value-Based Payment program.</p>	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
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							DHCS also proposes trailer bill language to implement these reductions. Subject to budget control section “trigger” language, these reductions would be restored if the state received sufficient federal funds.	
19	BU 4260	Department of Health Care Services	Eliminate Martin Luther King Jr., Community Hospital Supplemental Payments	(\$8,158)	(\$16,600)	0.0	DHCS proposes to eliminate funding for supplemental payments that support the Martin Luther King Jr. Community Hospital in Los Angeles. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
20	BU 4260	Department of Health Care Services	Freeze on Medi-Cal County Administration Cost of Doing Business Increases	(\$11,000)	(\$20,400)	0.0	DHCS proposes to freeze cost-of-doing-business increases for county eligibility determination workload. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration’s Trigger Proposal and Replace with Senate’s Trigger Plan.
21	BU 4260	Department of Health Care Services	Managed Care Efficiencies	(\$91,561)	(\$191,540)	0.0	DHCS proposes to reduce costs for managed care capitation payments, including: 1) an inpatient maximum fee schedule for private and district/municipal public hospitals, 2) an adjustment based on the potential to avoid emergency room visits by low-acuity patients, 3) reduction in contracting levels through coding changes, and 4) a reduced managed care underwriting gain from 2 percent to 1.5 percent.	Reject

22	BU 4260	Department of Health Care Services	Estate Recovery from Deceased Medi-Cal Beneficiaries	(\$16,900)	(\$16,900)	0.0	DHCS proposes to renew its estate recovery program that was eliminated in the 2016 Budget Act. Until the 2016 Budget Act, California recovered for all health care services from deceased Medi-Cal beneficiaries' estates. This proposal seeks to renew that practice. Subject to budget control section "trigger" language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration's Trigger Proposal and Replace with Senate's Trigger Plan.
23	BU 4260	Department of Health Care Services	Reversions of Previously Funded Programs	(\$40,000)	\$-	0.0	DHCS proposes to revert funding for programs previously funded by the Legislature, including: <ul style="list-style-type: none"> <li>• Medi-Cal Enrollment Navigators - \$15 million</li> <li>• Medi-Cal Interpreters Pilot – \$5 million</li> <li>• Behavioral Health Counselors in Emergency Departments - \$20 million</li> </ul>	Reject the Administration's proposed reversions for the interpreters pilot and behavioral health counselors in emergency departments. Adopt placeholder budget bill language to allow DHCS to accept private or non-profit funding to support Medi-Cal enrollment navigators.

24	BU 4260	Department of Health Care Services	State-Only Claiming Adjustments	\$1,441,206	(\$1,738,939)	0.0	DHCS requests General Fund expenditure authority of \$1.4 billion to repay the federal government for inappropriately claimed federal financial participation for non-emergency services provided to eligible, non-exempt, qualified immigrants. DHCS reports the General Fund will be used to repay the behavioral health portion of the adjustment and expects counties to repay the portion for which they are responsible.	AAB/ Adopt Placeholder Budget Bill Language to direct the Administration to seek more favorable repayment terms from the federal government
25	BU 4265	Department of Public Health	Black Infant Health Program Adjustment	(\$4,500)	\$-	0.0	DPH requests reduction of General Fund resources for the Black Infant Health Program of \$4.5 million annually. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration ’s Trigger Proposal and Replace with Senate’s Trigger Plan.
26	BU 4440	Department of State Hospitals	Disaster Preparedness, Response, and Recovery	(\$535)	\$-	0.0	DSH requests to decrease five positions and General Fund expenditure authority of \$535,000 approved in the 2019 Budget Act for disaster preparedness, response, and recovery. Subject to budget control section “trigger” language, this reduction would be restored if the state received sufficient federal funds.	Reject the Administration ’s Trigger Proposal and Replace with Senate’s Trigger Plan.

27	BU 4440	Department of State Hospitals	Quality Improvement and Internal Auditing, Monitoring, Risk Management and Hospital Support	(\$1,550)	\$-	(11.0)	WITHDRAWN - DSH requests to withdraw its January proposal to support clinical compliance audits, quality assurance planning, policy development, plans of correction, licensing and accreditation surveys, risk mitigation, and auditing.	AAB/ Withdrawn
28	BU 4440	Department of State Hospitals	Patient Driven Operating Expenses and Equipment	(\$3,534)	\$-	0.0	WITHDRAWN - DSH requests to withdraw its January proposal to support operating expenses and equipment related to the activation of new beds within the five state hospitals.	AAB/ Withdrawn

**Human Services**

Issue	Entity	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	Staff Comments	Staff Recommendation
1	4100	SCDD	TBL: Self Determination Report Extension	--	--	--	Current law requires the SCDD to survey participants regarding their satisfaction under the Self-Determination Program. The proposed language proposes an extension of the due date of the report December 31, 2022.  The committee may want to consider requiring an interim report under the original timeline, and a final report on December 31, 2022.	Adopt placeholder TBL extending the report's due date to December 31, 2022.
2	4170	CDA	Reductions in Ombudsman Program	-2,000,000	--	--		Reject the Administration's Trigger Proposal and Replace with Senate's Trigger Plan.
3	4170	CDA	Eliminate MSSP State Ops & LA	-22,195,000	-1,698,000	-20.4		Reject the Administration's Trigger Proposal and Replace with Senate's Trigger Plan.  Conforms to action in Department of Health Care Services.
4	4170	CDA	Eliminate CBAS State Ops	-1,624,000	-1,507,000	-15.2		Reject the Administration's Trigger Proposal and Replace with Senate's Trigger Plan.

								Conforms to action in Department of Health Care Services
5	4170	CDA	Headquarters Relocation Funding	743,000	--	--	<p>The January Governor’s Budget included a proposal for \$2.3 million for headquarters relocation for CDA.</p> <p>The May Revision increases the original proposal by \$743,000. The increased costs are attributable to revised one-time tenant improvement costs.</p>	Adopt May Revision proposal.
6	4300	DDS	Developmental Centers – Population and Staffing Adjustment	-29,926,000	-13,907,000	--		Approve as budgeted.
7	4300	DDS	Incompetent to Stand Trial Capacity	16,423,000	-53,000	71.7	<p>The May Revision sustains the January proposal to temporarily increase bed capacity at the Porterville Developmental Center (PDC) Secure Treatment Program (STP) to decrease current admission wait times.</p> <p>The May Revision also sustains the January proposal to increase the capacity of Enhanced Behavioral Support Homes (EBSH) with delayed egress, secure perimeters from six to eleven, and remove the January 1, 2021 sunset provision on the pilot program.</p> <p>The committee may wish to also consider other methods to address the IST jail waitlist, such as</p>	Defer without prejudice

							expanding which individuals are eligible for diversion.	
8	4300	DDS	Withdraw Additional Supplemental Provider Rate Adjustments	-10,778,000	-7,185,000	--	The May Revision withdraws the January proposal for \$18 million (\$10.8 million General Fund)	Reject May Revision Proposal. Approve \$18 million (\$10.8 million) for additional supplemental provider rate adjustments and adopt placeholder TBL associated with January proposal.
9	4300	DDS	Systemic, Therapeutic, Assessment, Resources, and Treatment Training Withdrawn	-2,555,000	-1,985,000	--	The May Revision withdraws the Administration's January proposal for \$4.5 million (\$2.6 million General Fund) for START training. The committee may want to consider delaying implementation of the program for two years instead of withdrawing the proposal	Reject May Revision. Instead appropriate funds for the 2021-22 fiscal year.
10	4300	DDS	TBL: Stabilization Training Assistance and Reintegration (STAR) Home Lease Agreements	--	--	--	DDS has approved resources to develop seven STAR homes in Northern, Central and Southern California. DDS and the non-profit housing organization entered into a lease in May 2019. However, the lease agreement was not developed by the Department of General Services (DGS) and does not have a DGS lease number so the State Controller's Office will not pay invoices submitted by the department. The proposed TBL, which would exempt the operational STAR homes from the DGS lease	Adopt placeholder TBL



							agreement approval process, is necessary to ensure the non-profit housing organization can be paid for current and retroactive lease costs.	
11	4300	DDS	Porterville Developmental Center: Install Fire Sprinkler System	210,000	--	--	The May Revision proposes \$210,000 GF for preliminary plans to design and install an automatic fire sprinkler system in nine residences in the Secure Treatment Area (STA) at the Porterville Developmental Center	Adopt May Revision proposal.
12	4300	DDS	Porterville Developmental Center: Nitrate Removal System -- Reappropriation	3,160,000	--	--	The May Revision proposes \$3.2 million GF for the construction phase of a Nitrate Removal System at Porterville Developmental Center.	Adopt May Revision proposal.
13	4300	DDS	Porterville Developmental Center: Upgrade Fire Alarm System	1,345,000	--	--	The May Revision proposes \$1.3 million GF to complete the construction phase of the Upgrade Fire Alarm System project at the Porterville Developmental Center.	Adopt May Revision proposal.
14	4300	DDS	Maximize Federal Reimbursement Opportunities	-27,000,000	27,000,000	--	<p>The May Revision includes a proposal to maximize federal funding for eligible services by including additional individuals with developmental disabilities eligible for and enrolled in Medi-Cal and new waiver eligible services. The proposal would result in approximately \$27 million GF savings in 2020-21. TBL is associated with this proposal.</p> <p>Staff has concerns that this proposal would put vulnerable families at risk. Staff encourages a thoughtful process moving forward so that savings future savings can be considered with a full understanding</p>	Reject the May Revision proposal. Adopt supplemental reporting language requiring the Legislative Analyst's Office, in consultation with relevant departments and stakeholders, to evaluate administrative processes and other barriers to the consumer,

							of the effect on families, including very vulnerable ones There is a need for an evaluation and recommendations on how best to target efforts on getting more consumers and families on Medi-Cal and institutional deeming.	consumer’s parent, guardian, conservator or authorized representative making successful applications for federally-matched Medi-Cal benefits.
15		DDS	Implement Provider Rate Reductions and Utilization Reviews	-300,000,000	-170,588,000	--	The May Revision includes a reduction to provider rates and review of expenditure trends resulting in \$300 million GF savings in 2020-21. Trailer bill language is associated with this proposal.	Reject Administration’s proposed trigger. Replace with Senate trigger.
16		DDS	Implement Uniform Holiday Schedule	-31,312,000	-20,199,000	--	The May Revision proposes implementation of the uniform holiday schedule resulting in about \$31.3 million GF savings in 2020-21. Trailer bill language is associated with this proposal.	Reject Administration’s proposed trigger. Replace with Senate trigger.  Additionally, adopt the suspension delay to July 1, 2023, proposed in the January budget.
17		DDS	Reduction in Regional Center Operations	-30,000,000	-10,000,000	--	The May Revision proposes a reduction to the operations budget for Regional Centers resulting in \$30 million GF savings in 2020-21. Trailer bill language is associated with this proposal	Reject Administration’s proposed trigger. Replace with Senate trigger.
18	4300	DDS	Cost Sharing Plan	-2,000,000	2,000,000	--	The May Revision proposes the establishment of a cost-sharing program for higher-income families resulting in \$2 million GF savings in 2020-21. Trailer bill language is associated with this proposal.	Reject Administration’s proposed trigger. Replace with Senate trigger.

19	4300	DDS	Legislative Proposal - BBL: Minimum Wage Recoupment				The Senate proposes the addition of budget bill language allowing DDS to assess the balance of funds unspent for the minimum wage provider supplement and implement a provider supplement, to the extent the balance allows, to providers that were not eligible for the original supplement due to their location in areas with local minimum wage ordinances.	Adopt legislative proposal.
20	4300	DDS	Legislative Proposal - TBL: Expansion of Self Determination Program				The proposed language would authorize DDS to expand participation in the Self Determination program to an additional 5,000 participants.	Adopt placeholder TBL to expand the Self Determination Program.
21	4300	DDS	Legislative Proposal - TBL: Expedited Regional Center Process				The proposed language would require regional centers to hold IPP meetings within seven days when necessary to protect a consumer’s health or safety, or in order to maintain the consumer in the home of their choice.	Adopt placeholder TBL to implement an expedited process with a consumer’s health or safety is at risk.
22	5160	DOR	Reductions in Independent Living Centers	-2,120,000	--	--	The May Revision requests that Item 5160-101-0001 be decreased by \$2,120,000 to reduce the Independent Living Centers funding as part of the statewide budget reduction efforts in response to the coronavirus pandemic.	Reject May Revision. Approve \$2.1 million for Independent Living Centers
23	5175	DCSS	TBL: Uncollectible Debt	--	--	--	The proposed language would, as of January 1, 2022, require a local child support agency to cease enforcement of child support arrearages and otherwise past due amounts owed to the state that the department or the local child support agency has determined to be uncollectible, as specified. The bill would require the	Defer without prejudice

							department to adopt regulations to implement these changes.  Advocates have reached out with concerns about this language and its	
24	5175	DCSS	Automation Changes for Child Support Disregards	-300,000	-500,000	--	The Governor's January budget proposed to increase the amount of monthly child support a CalWORKs family could retain from \$50 to \$100 for a family with one child and to \$200 for a family with two or more children effective January 1, 2021. As a result of withdrawing this proposal, CalWORKs families will continue to retain only \$50 of monthly child support payments.  The May Revision withdraws the Administration's January proposal for \$800,000 (\$300,000 General Fund) for automation changes relating to child support payments.	Reject May Revision Proposal. Approve funding for \$800,000 (\$300,000 General Fund) for changes related to child support disregard. Adopt placeholder TBL associated with January proposal.
25	5175	DCSS	Revert Local Child Support Agency Funding Methodology to 2018 Levels	-38,106,000	-73,972,000	--	The May Revision proposes to revert Local Child Support Agency (LCSA) funding methodology to 2018 levels, resulting in a General Fund savings of \$38 million. Note that \$19 million was proposed in the 2020 Governor's budget, and the other \$19 million was included in the 2019 budget.	Reject Administration's proposed trigger. Replace with Senate trigger.
26	5175	DCSS	Temporarily Reduce State Operations and Contracts	-8,300,000	-16,037,000	--	The May Revision proposes to temporarily reduce state operations and contracts, resulting in a General Fund savings of \$8.3 million.	Reject Administration's proposed trigger. Replace with Senate trigger.
27	5175	DCSS	Legislative Proposal - TBL: Modifications to				The proposed language would adjust how child welfare cases are referred to local child support agencies and	Adopt placeholder TBL

			child support regulations				allow for the modification of child support orders by local child support agencies while current shelter-in-place orders are in effect.	
28	5180	DSS	In-Home Supportive Services: Medi-Cal Expansion for Undocumented Immigrants Age 65 and Older	-6,812,000	--	--	The May Revision withdraws the January proposal to expand Medi-Cal for undocumented immigrants age 65 and older.	Reject Administration's withdrawal of this proposal, but instead implement on January 1, 2022. Adopt modified placeholder TBL to allow the Governor to delay further or implement early, depending on the availability of funding, and require DHCS to complete eligibility system modifications by July 1, 2020.
29	5180	DSS	Child Support Disregard	-600,000	--	--	The Governor's January budget proposed to increase the amount of monthly child support a CalWORKs family could retain from \$50 to \$100 for a family with one child and to \$200 for a family with two or more children effective January 1, 2021. As a result of withdrawing this proposal, CalWORKs families will continue to retain only \$50 of monthly child support payments.  The May Revision withdraws the Administration's proposal for	Reject May Revision Proposal. Approve funding for \$800,000 (\$300,000 General Fund) for changes related to child support disregard. Adopt placeholder TBL associated with January proposal.

							\$600,000 associated with child support payments.	
30	5180	DSS	TBL: Stage One Child Care: Permanent Removal from Single Allocation	--	--	--	The Administration proposes to delay by one year the removal of the California Work Opportunity and Responsibility to Kids (CalWORKs) Stage One Child Care funding from inclusion in the single allocation budgeting methodology.	Adopt placeholder TBL.
31			TBL: CalWORKs Identity Verification	--	--	--	The language is technical in nature and would provide statutory authority for CDSS to maintain the identity verification method in the CalWORKs program that has been in practice since July 1, 2018.	Adopt placeholder TBL.
32			TBL: CalFresh Administration Funding Rebase	--	--	--	Proposed language would update the CalFresh administrative rebase to begin with Fiscal Year (FY) 2021-22 instead of the current effective date of 2020-21.	Adopt placeholder TBL
33			TBL: CalWORKs Stage One Child Care Immediate and Continuous Eligibility				<p>The Administration proposes language that would clarify guidance on providing immediate and continuous Stage One Child Care for sanctioned and exempt volunteer Welfare-to-Work (WTW) participants.</p> <p>This proposed language would reinforce the importance of supporting and expediting Welfare-to-Work participant access to Stage One Child Care for sanctioned and exempt volunteer CalWORKs populations. In addition, the trailer bill would ensure that the immediate and continuous eligibility policy is applied according to the intent of SB 80 and AB 121.</p>	Adopt placeholder TBL.

34			TBL: CalLearn: Delink CalLearn from AFLP and Update Program Design				The May Revision proposes language to modify case management standards for CalLearn.	Adopt placeholder TBL
35	5180	DSS	Reduce Short-term Residential Treatment Program Rates by 5 Percent	-13,306,000	-3,545,000	--	The May Revision proposes to reduce Short-term Residential Treatment Program (STRTP) rates by five percent for a savings of \$13.3 million GF	Reject Administration's proposed trigger. Replace with Senate trigger.
36			Eliminate Foster Family Agency Social Worker Rate Increase	-4,723,000	-821,000	--	The May Revision proposes to eliminate the Foster Family Agency social worker rate increase for a one-time savings of \$4.7 million GF	Reject Administration's proposed trigger. Replace with Senate trigger. Additionally, adopt placeholder TBL allowing for the use of additional federal funds to offset costs contingent on the completion of a social worker time study. Adopt the suspension delay to July 1, 2023, proposed in the January budget
37			Suspend Level of Care Rates 2 through 4	-15,494,000	-10,048,000	--	The May Revision proposes to suspend Level of Care (LOC) rates two through four for a savings of \$15.5 million GF.	Reject Administration's proposed trigger. Replace with Senate trigger.
38			Family Urgent Response System				The May Revision proposes to revert and eliminate the Family Urgent Response System (FURS) for a one-time savings of \$30 million	Reject Administration's proposed trigger. Replace with

								Senate trigger. Additionally, adopt placeholder TBL allowing expedited implementation.
39			Continuum of Care Reform Reconciliation: Child and Family Teams for fiscal years 2016-17 and 2017-18	2,643,000	--	--	Proposition 30 requires that the state fund the net costs to each county of any new state child welfare requirements or programs enacted after 2011, and provides that counties only have to implement those new state requirements or programs to the extent of the state funding provided. CCR legislation, enacted in 2016, contained new and expanded administrative requirements. Counties have been fronting additional costs for the administrative provisions of CCR without reimbursement. The May Revision includes \$2.6 million GF to reimburse counties for the net costs associated with CFTs for 2016-17 and 2017-18.	Adopt. May Revision proposal. In addition, approve an additional \$80 million General Fund to account for county RFA expenditures.
40	5180	DSS	CalWORKs Costs and Caseload Projections	3,514,401,000	19,308,000		The May Revision proposes an increase of \$3.5 billion to item 5180-101-0001 and an increase of \$19.3 million to item 5180-101-0890.	Reject May Revision proposal. Adopt lower caseload estimate consistent with \$2.9 billion in savings.
41			Revised CalWORKs Employment Services and Child Care Assumptions	-67,518,000	-597,482,000	--	The projections for CalWORKs Employment Services and Child Care costs related to COVID-19 caseload increases assume that both take up and cost per case will be lower than average, resulting in a \$665 million (\$67.5 million GF)	Reject Administration's proposed trigger. Replace with Senate trigger.



							proposed decrease to CalWORKs Employment Services and Child Care, compared with what would have been budgeted under the existing methodology	
42			Suspension of CalWORKs Expanded Subsidized Employment	-7,933,000	-126,212,000	--	The May Revision proposes an ongoing suspension of CalWORKs Expanded Subsidized Employment for an estimated savings of \$134 million.	Reject Administration's proposed trigger. Replace with Senate trigger.
43			CalWORKs Home Visiting Program Reduction	-874,000	-29,126,000	--	The May Revision proposes a reduction in the CalWORKs Home Visiting Program for an estimated savings of \$30 million.	Reject Administration's proposed trigger. Replace with Senate trigger.  Approve one-time reduction of \$30 million. This will not impact families currently enrolled in program but will limit new participants coming into the program.
44			Suspension of CalWORKs Outcomes and Accountability Review	-3,148,000	-17,991,000	--	The May Revision includes the suspension of CalWORKs Outcomes and Accountability Review (Cal-OAR) for an estimated savings of \$21 million.	Reject Administration's proposed trigger. Replace with Senate trigger.  Approve one-time reduction of \$21 million and adopt placeholder TBL to delay activities by one year.

45	5180	DSS	Supplemental Security Income/State Supplemental Payment Estimate	43,735,000	--	--	The May Revision provides \$2.7 billion from the General Fund for SSI/SSP in 2020-21, which is slightly lower than the revised estimates of 2019-20 expenditures—by about 2 percent. However, relative to the Governor’s January budget, the May Revision proposes slightly higher SSI/SSP General Fund costs in 2020-21 and 2019-20—by about 1 percent. This is primarily due to May Revision including slightly higher SSI/SSP caseload estimates than the Governor’s January budget.	Adopt May Revision proposal.
46	5180	DSS	Withhold the Federal January 2021 COLA to SSI/SSP Recipients	-33,721,000	--	--	The May Revision proposes an ongoing withholding of the federal January 2021 COLA to SSI/SSP Recipients for a cost savings of \$33.7 million GF.	Reject Administration’s proposed trigger. Replace with Senate trigger.
47	5180	DSS	Other Social Services Programs Local Assistance Adjustments	14,375,000	396,015,000	--	The May Revision proposes adjustments to various social services programs.	Adopt May Revision proposal.
48	5180	DSS	In-Home Support Services Estimate	131,391,000	106,189,000	--	The May Revision proposes adjustments to the IHSS estimate.	Adopt May Revision proposal.
49			In-Home Supportive Services: Hold County Administration and Public Authority Funding to 2019 Budget Act Level	-12,152,000	-7,473,000	--	The May Revision proposes to hold county administration and Public Authority funding to 2019 Budget Act level resulting in \$12.1 million GF savings.	Adopt May Revision proposal.
50			In-Home Supportive Services: Transfer Payroll Functions	-9,209,000	-8,941,000	--	The May Revision proposes to transfer payroll functions from counties to a vendor resulting in a \$9.2 million GF savings.	Reject Administration’s proposed trigger.

			from Counties to a Vendor					Replace with Senate trigger.
51			In-Home Supportive Services: Seven Percent Reduction to Recipients' Service Hours	-205,018,000	-248,730,000	--	The May Revision proposes a seven percent reduction to recipients' service hours resulting in approximately \$205 million GF savings.	Reject Administration's proposed trigger. Replace with Senate trigger.  Additionally, adopt the suspension delay to July 1, 2023, proposed in the January budget.
52	5180	DSS	In-Home Supportive Services: Eliminate Proration of Protective Supervision Hours for Recipients in the Same Residence	15,833,000	20,070,000	--	The May Revision requests that Item 5180-111-0001 be increased by \$15,833,000 and reimbursements be increased by \$20,070,000 to eliminate prorating protective supervision hours for IHSS recipients who are in the same household.	Adopt May Revision Proposal.
53	5180	DSS	In-Home Supportive Services: Conform Residual Program to timing of Medi-Cal Coverage	-72,558,000	72,558,000	--	The May Revision requests Item 5180-111-0001 be decreased by \$72,558,000 and reimbursements be increased by \$72,558,000 to conform the IHSS Residual Program to timing of Medi-Cal coverage.  Staff has concerns that this proposal would cause some current IHSS recipients to lose access to services while their Medi-Cal eligibility is being redetermined.	Reject May Revision proposal.
54	5180	DSS	Reversion of Funding from Various Programs				The May Revision requests Item 5180-495 be added to revert funding from the 2019 Budget Act for the Family Urgent Response System,	Reject May Revision proposal.

							Immigration Justice Fellowship Program, Youth Civic Engagement Initiative, and Public Health Nursing Early Intervention Program in Los Angeles County.	
55	5180	DSS	Suspension Language	0	0	--	The May Revision requests suspension language associated with Family Urgent Response System, Foster Family Agencies Rate and Public Health Nursing Early Intervention Program in Los Angeles County be eliminated	Reject May Revision proposal.
56	5180	DSS	Legislative Proposal - TBL: IHSS Provider Orientations	--	--	--	The proposed language would address statute around provider orientations to allow for remote provider orientations.	Adopt placeholder TBL.
57	5180	DSS	Legislative Proposal - TBL: Maintain and Extend Program Flexibilities Enacted during the COVID-19 pandemic.	--	--	--	The proposed language would authorize various activities relating to workload relief and extended flexibility. These activities include: <ul style="list-style-type: none"> <li>- Extending and modifying rate flexibility to support resource families impacted by COVID</li> <li>- Extending the timeline when a youth must be adjudicated a dependent due to court closures</li> <li>- Holding penalties in abeyance for outcomes and performance during the COVID pandemic</li> <li>- For children’s programs, extending COVID-related RFA flexibilities into next year</li> </ul>	Adopt placeholder TBL

							<ul style="list-style-type: none"> <li>- Non-Minor Dependent (NMD) remote SILP approval</li> <li>- The ability to prioritize in-person APS investigations for immediate threats to health and safety, and allow for remote contact in other instances</li> <li>- Allow for a waiver of the increased county share of match above the 2019-20 level that would be required to draw down the \$80 million in additional CalFresh Admin funding provided for 2020-21</li> </ul>	
58	5180	DSS	Legislative Proposal - TBL: CalWORKs Time Clocks	--	--	--	The proposed language would restore the 60-month time clock and make changes to stop time clocks when there is good cause.	Adopt placeholder TBL
59			Legislative Proposal - Backfill for loss of 1991 Realignment revenues	--	--	--		Approve \$600 million General Fund to provide stability and to avoid massive cuts to programs during this statewide emergency and economic downturn.

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

**State Administration and General Government**

Issue	BU	Department	BR Title	General Fund	Other Funds	Pos.	Staff Comments	Staff Recommendation
1	0509	Governor's Office of Business and Economic Development (GO-Biz)	California Film Commission Baseline Cost Increases	198,000			Increased operating costs.	Approve reduced amount of \$150,000.
2	0509	Governor's Office of Business and Economic Development (GO-Biz)	Small Business Assistance	50,000,000			Supports the IBank's loan guarantee program that provides financial assistance needed by small businesses.	Approve as budgeted.
3	0559	Secretary for Labor and Workforce Development Agency	Labor and Workforce Development Fund Loan to the General Fund	--	107,000,000		<p>The May Revision proposes a \$107 million loan from the Labor and Workforce Development Fund (LWDF) to the General Fund. The LWDF is funded through litigation settlements for labor law violations, primary through the Private Attorneys General Act. The LWDF is used to fund labor law outreach, education and enforcement.</p> <p>In 2019-20, the LWDF balance was</p>	Approve the May Revision proposal.

							\$133 million, with revenue estimates of \$43 million in 2020-21. For 2020-21, the administration proposes \$31 million for programs and operations. After taking into account the loan, approximately \$38 million is the balance.	
4	0650	Office of Planning and Research	Online Learning Program to Reduce Expenditures by 20 Percent	-2,000,000	--	--	Provides a flat 20 percent reduction to overall program level.	Approve the modification of this proposal.
5	0650	Office of Planning and Research	Adjust Current Year Precision Medicine to Reflect Available General Fund Savings	--	--	--	This proposal would revert \$18.1 million in unencumbered funds for Precision Medicine and redirect the remaining \$9.8 million towards the Adverse Childhood Experiences program.	Approve the Current year adjustment.
6	0650	Office of Planning and Research	California Volunteers Emergency Support Function-17 and AmeriCorps Funding Strategy	13,009,000	--	18.0	\$13 million General Fund and 18.0 ongoing staff positions in Fiscal Year (FY) 2020-21 and \$22.35 million General Fund ongoing in FY 2021-22 for the California Volunteers effort. The administration has indicated that \$2.9 million will be directly tied to the COVID-19 response and supporting the administrative oversight of the ESF-17 volunteer engagement disaster/emergency strategy. Another \$10.1 million will primarily support existing AmeriCorps programs across California.	Defer without prejudice for consideration at a later date.
7	0650	Office of Planning and Research	Fresno Integrated K-16 Collaborative	-17,000,000	--	--	Withdraws the Administration's proposal to fund the Fresno K-16 collaborative program.	Approve the proposed reduction.
8	0845	Department of Insurance	California Department of	--	1,800,000	--		Approve as budgeted.

			Insurance Rent Increases					
9	0845	Department of Insurance	Workers' Compensation Fraud Program	--	3,449,000	--		Approve as budgeted.
10	0890	Secretary of State	Additional Funds for the 2020 General Elections	35,000,000		0.0		Approve \$35 million General Fund for the November 2020 elections and adopt placeholder budget bill language.
11	0968	Tax Credit Allocation Committee	Low Income Housing Tax Credit expansion	--	--	--	Provides \$500 million in new state Low Income Housing Tax Credits.	Approve as proposed. Adopt placeholder trailer bill language.
12	1111	Department of Consumer Affairs	Cemetery and Funeral Bureau - Endowment Funds (AB 795)	--	-86,000	-0.5		Approve the May Revision proposal.
13	1111	Department of Consumer Affairs	Chief Athletic Inspector and Assistant Chief Athletic Inspector (AB 1523)	--	-296,000	-2.0		Approve the May Revision proposal.
14	1111	Department of Consumer Affairs	TBL for Various Fee Increases	--	TBD	--		Defer without prejudice.
15	1111	Department of Consumer Affairs	CURES Expenditure Technical Adjustment for Chapter 677 Statutes of 2019 (AB 528)	--	34,000	--		Defer without prejudice.



16	1111	Department of Consumer Affairs	CURES Expenditure Adjustment via AB 528	--	1,567,000	--		Defer without prejudice.
17	1111	Department of Consumer Affairs	Board and Bureau Workload	--	6,916,000	36.5	The January budget proposal included \$8.3 million in special fund expenditures and 41.5 total positions. The May Revise reduced the expenditures by \$1.4 million and 5 positions.	Defer the request by the Bureau of Private Postsecondary Education for \$1.26 million in special fund expenditures and 10 positions, and approve the remaining requests.
18	1700	Department of Fair Employment and Housing	Facilities Operations Funding Augmentation	423,000	--	--	The May Revision augments the January budget proposal by \$423,000 in General Fund to lease office space with the help of Department of General Services in Riverside and East Bay Area to accommodate increased staff. Funding will be triggered if sufficient funds from federal government are available. The vote on this item replaces action taken on May 21,2020	Reject proposed augmentation adopt senate trigger action.

19	1700	Department of Fair Housing and Employment	Paid Family Leave Trailer Bill Language	---	--		<p>The Administration proposes trailer bill language to expand the California Family Rights Act to apply to employers with one or more employees. The CFRA provides up to 12 weeks of job protected leave for workers to bond with a new child or care for seriously ill family member. The TBL expands the CFRA to include familial relationships currently covered under the Paid Family Leave wage-replacement program. These relationships include siblings, grandparents, and parent-in-laws. Under this proposal, if both parents work for the same employer, they would now both be eligible to take up to 12 weeks of CFRA protected leave each. The TBL would allow employees to up to eight weeks of paid job protected leave when CFRA and PFL are taken concurrently.</p>	Approve as proposed.
20	1701	Department of Business Oversight (DBO)	Technical adjustment to move funds to Financial Protection and Innovation Fund (3363)	--	--	--	<p>The budget trailer bill requests the merging of the historically separated Financial Institutions Fund and the State Corporations Fund into a new Financial Protection and Innovation Fund. These funds are remnants of the pre-2013 merger of the Department of Financial Institutions and the Department of Corporations into the DBO. Accounting of expenditure and allocation of funds by program will remain transparent and exactly the same.</p>	Approve proposed merging of funds.

21	1701	Department of Business Oversight (DBO)	New Department of Consumer Financial Protection and Innovation	--	10,200,000	44.0	<p>The budget proposes a 3-year request to staff DBO with a total of 90 positions and \$44.3 million in resources for expanded consumer financial protection activities as a new Department of Consumer Financial Protection and Innovation (DFPI). The request is contingent upon approval of the statutory trailer bill language necessary for expanded authority by the Legislature. Funds requested are from the Financial Protection and Innovation Fund. Given the importance of consumer financial protection and the proposed undertaking by DBO, further discussion is necessary for a more robust discussion around the budgetary asks and the policy asks in the trailer bill associated with this proposal.</p>	Defer without prejudice.
22	2240	Department of Housing and Community Development	Foster Care Transitional Housing Extension	--	--	--	<p>Language change that effectively eliminates out year funding for the Foster Care Transitional Housing program. The budget still provides \$8 million in 2020-21 and \$4 million in 2021-22.</p>	Reject the Governor's proposed trigger cut.
23	2240	Department of Housing and Community Development	Moderate-Income Housing Production Early Reversion	-45,000,000	--	--	<p>AB 101 (Committee on Budget), Chapter 159, Statutes of 2019, provided \$500 million over four years to the California Housing Finance Agency for the production of low and moderate income housing, including \$200 million in 2019-20 and \$95 million in 2020-21. This funding was</p>	Reject the proposed reversion

							intended to support mixed-income housing developments.	
24	2240	Department of Housing and Community Development	Infill Infrastructure Grant Program of 2019 Early Reversion	-203,000,000	--	--	AB 101 (Committee on Budget), Chapter 159, Statutes of 2019, provided \$500 million for the Infill Infrastructure Grant (IIG) Program of 2019, which provides funding for housing-related infrastructure projects in infill areas. This program is intended to support the development of additional housing by providing for the construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure that supports the development of housing.	Reject the proposed reversion
25	2240	Department of Housing and Community Development	National Mortgage Settlement	--	--	--	Trailer bill language allocates \$331 million balance of the National Mortgage Settlement Trust Fund to housing counseling and mortgage relief (\$300 million) and tenant legal aid (\$31 million).	Approve placeholder trailer bill language.
26	2240	Department of Housing and Community Development	AB 1783 Cleanup	--	--	--	Provides clarifying changes to language related to farmworker housing development.	Approve placeholder trailer bill language.
27	5225	Department of Corrections and Rehabilitation	Housing First	--	--	--	Provides clarity around Housing First principles and their application to corrections and related programs.	Adopt placeholder trailer bill language.

28	7100	Employment Development Department	Worker Status: Employees and Independent Contractors (AB 5)	3,359,000	--		The January budget proposed \$3.4 million in 2020-21 and \$3.2 million in 2021-22 and \$2 million in 2022-23 from the General Fund to implement AB 5 (Gonzalez), Chapter 296, Statutes of 2019.	Approve as proposed.
29	7350	Department of Industrial Relations	Worker Status: Employees and Independent Contractors (AB 5)	--	17,538,000		The January budget proposed \$17.5 million and 103.5 positions in 2020-21, and \$16 million in 2021-22 and 2022-23 from various fund sources for three-year limited term to implement AB 5. The positions will be as follows: (1) Division of workers compensation (DWC) - 63 positions: to adjudicate and manage workers comps claims, (2) Division of Labor Standards Enforcement (DLSE) - 26.5 positions: to investigate violations and conduct outreach, (3) Division of Occupational Safety and Health (DOSH) - 2 positions: inspections, and (4) Division of Administration - 12 support staff positions. The May Revision sustains the proposal.	Approve as proposed.
30	7600	Department of Tax and Fee Administration (CDTFA)	Trailer Bill proposal to establish nicotine-based vaping tax	--	--	--	The Governor proposes statutory language to levy an additional, nicotine-based tax of \$1 per 20mg of nicotine tax on e-cigarettes effective Jan 1, 2021. Revenue is estimated to be \$33 million in 2020-21 and deposited into new special fund. Effectiveness of the tax to curb youth and adult smoking, administration of a nicotine-based tax, and alternatives to proposed tax structure and rate have yet to be adequately discussed.	Defer without prejudice

31	7600	Department of Tax and Fee Administration (CDTFA)	Administration of the proposed nicotine-based vaping tax.	--	9,865,000	10.5	The budget resource request is associated with the e-cigarette (vaping) tax trailer bill proposal. Resources are requested to implement stamp system analogous to existing cigarette tax.	Defer without prejudice
32	7600	Department of Tax and Fee Administration (CDTFA)	Additional resources for the administration of the proposed vaping tax.	3,631,000	--	--	Resources are requested to add the e-cigarette tax to automated system. The budget resource request is associated with the e-cigarette (vaping) tax trailer bill proposal.	Defer without prejudice
33	7600	Department of Tax and Fee Administration (CDTFA)	Vehicle Valuation of Private Party Sale - Used Car Sales Tax Trailer Bill	--	--	--	Proposed trailer bill language would require the DMV to calculate use tax for private party sales as the greater of the vehicle's sale price or the vehicle's standard presumptive value. Proposal would require DMV to collect more information than it does currently, places additional burdens on tax-payers.	Defer without prejudice.
34	7600	Department of Tax and Fee Administration (CDTFA)	Used Car Dealer Sales Tax Trailer Bill	--	--	--	Proposed trailer bill language would require used car dealers to remit the sales tax from a vehicle sale to the DMV with the registration fee. This is needed to close the gap between the amount of sales tax collected by CDTFA and DMV used car registration data.	Approve the trailer bill language proposal.
35	7600	California Department of Tax and Fee Administration	Remove Provision 2 of Item 7600-001-0001	--	--	--	Provision 2 requires monthly vacancy reports.	Approve the removal of Provision 2 from Item 7600-001-0001.

36	7730	Franchise Tax Board	Minimum Franchise Tax(MFT)	-50,000,000	--	--	The trailer bill language proposed expands the first-year exemption from the \$800 MFT to LLCs, Limited Partnerships, and Limited Liability Partnerships. Exemption would be applicable beginning Jan. 1, 2021 and sunset on January 1, 2026. Proposal is intended to alleviate burdens on newly formed corporations. Impact on small businesses, however, is uncertain.	Approve as proposed trailer bill language with the addition of a three-year sunset.
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37	7730	Franchise Tax Board	Individual Shared Responsibility Penalty TBK	--	--	--	Individual Shared Responsibility Penalty clean-up.	Approve the trailer bill language proposal.
38	7730	Franchise Tax Board	Net Operating Loss (NOL) Suspension	-1,800,000,000	--	--	Temporarily suspend the use of NOL deductions for taxpayers with business income in excess of \$1 million for 2020, 2021 and 2022.	Approve proposed trailer bill language.
39	7730	Franchise Tax Board	Business Tax Credit Limitation	-2,000,000,000	--	--	Temporarily limit the use of business incentive tax credits to offset no more than \$5 million in tax liability for 2020, 2021 and 2022.	Approve placeholder trailer bill language.
40	7730	Franchise Tax Board	Earned Income Tax Credit	42,000,000	--	--	Extend CA EITC and Young Child Tax Credit eligibility to ITIN filers with at least one child six years of age or younger.	Approve trailer bill language.
41	7760	Department of General Services	Office of Administrative Hearings - Cannabis	--	11,452,000	--		Approve as budgeted.
42	7760	Department of General Services	Transfer from the State Project Infrastructure Fund (3292) to the General Fund	--	--	--	This proposal transfers \$754.2 million to the General Fund.	Approve the May Revision proposal.

43	8260	California Arts Council	Reversion of Funding for the Korean American National Museum	--	--	--		Reject this proposal.
44	8955	Department of Veterans Affairs	Withdrawal of 0000690 - Southern California Veterans Cemetery - COBCP - S	--	-700,000	--		Reject the withdrawal of this proposal.
45	8955	Department of Veterans Affairs	0000690 - Reversion of Southern California Veterans Cemetery Master Development Fund	--	--	--	The May Revision proposal transfers \$24.5 million to the General Fund.	Approve the transfer of \$23.8 million from the Southern California Veterans Cemetery Master Development Fund to the General Fund.
46	CS 12.00	State Appropriations Limit (SAL)	SAL Adjustment	--	--	--	Pursuant to Article XIII B of the California Constitution, the fiscal year 2020-21 SAL is estimated to be \$115,860,000,000 at May Revision. The revised limit is the result of applying the growth factor of 3.62 percent.	Approve as budgeted.
47	CS 3.60	Section 3.60 Rate Adjustments to Employer Contributions to CalPERS Retirement	No Payroll Growth Adjustment	-77,520,000	-69,080,000	--	In addition to the adjustments to the employer contributions rate from the CalPERS Board, the May revision also proposes a decrease of \$77.5 million General Fund and \$69.1 million other funds to reflect the Administration's assumption of payroll growth. This assumption is associated with the Governor's	Reject.



							proposal to suspend pay increases, as reflected in control Section 3.91. Staff recommends to hold open Section 3.91, and as a result, staff recommends to hold this item open.	
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48	CS 3.90	Control Section 3.90	Salary Reduction	-1,447,542,000	- 1,396,860,000	--	<p>The May Revision proposes to add Control Section 3.90, which specifies a reduction in employee compensation to be achieved through all collective bargaining agreements and non-represented employees by \$1.45 billion General Fund and \$1.39 billion in other funds. The BBL specifies that a reduction in compensation is not achieved through all collective bargaining agreements by July 1, 2020, then the Director of the Department of Finance shall reduce employee compensation for all members of bargaining units with an agreement to reduce compensation. The reductions in employee compensation shall not exceed 10 percent.</p>	Reject. Adopt Senate trigger plan.
49	CS 3.91/ 9800	Control Section 3.91 and Item 9800	Flat Payroll	-393,428,000	-454,778,000	--	<p>The May Revision proposes to add Control Section 3.91 to suspend employee compensation increases. The BBL states that absent additional federal funds, increased salaries and wages, such as general salary increases, general wage increase, special salary adjustments, and pay differentials that were to become effective during the 2020-21 fiscal</p>	Reject. Adopt Senate trigger plan.

							year, that are not specified in Item 9800 are suspended. These suspensions represent a \$383.43 million General Fund and \$454.78 million decrease to Item 9800.	
50	CS 31.00	Control Section 31.00	Administrative Procedures for Salaries and Wages	--	--	--	The May Revision proposes to amend the salary threshold from \$12,116 to \$11,258 for when departments have to submit the "Change in Established Position Form" request to Finance for review before submitting changes to the State Controller's Office. This amendment reflects the Administration's proposal to suspend employee compensation adjustments. Staff recommends to hold open the proposal to suspend employee compensation adjustments, and as a result, staff recommends this item is held open.	Reject.
51		CalPERS	Supplemental Pension Payment and Supplanting payment	--	--	--	The May Revision proposes to withdraw the \$500 million General Fund CalPERS supplemental pension payment provided in the 2019-20 budget act due to the economic crisis. The May Revision proposes \$243 million Proposition 2 funds, instead of General Fund, to pay for the California Highway Patrol CalPERS unfunded liability. The May Revision also proposes to repurpose the \$2.5 supplemental pension payment to supplant state General Fund contributions this year. This results in	Approve May Revision proposal and adopt placeholder trailer bill language.

							<p>savings of \$2.4 billion over multiple years including 2020-21.</p> <p>The May Revision proposes trailer bill language to implement this change. Under the Governor's May Revision proposal, the total estimated gross savings over the next three decades is \$3.1 billion.</p>	
52	CalSTRS and CalPERS School Pool	Supplemental Pension Payment, Supplanting payment, and rate setting authority	--	--	--	<p>The May Revision proposes to redirect the \$660 million CalPERS School Pool supplemental pension payment to make supplanting payments to school employer contribution rates. This would increase the supplanting payment in 2020-21 to \$430 million and \$330 million in 2021-22. This would reduce the estimated contribution rate from 22.67 percent to 20.7 percent in 2020-21, and from 24.6 percent to 22.84 percent in 2021-22. The May Revision proposes to redirect the \$1.64 billion General Fund CalSTRS supplemental pension payment provided in the 2019-20 budget act to make an additional supplanting payment in 2020-21 and 2021-22. This would increase the supplanting payment in 2020-21 to \$1.07 billion and to \$820 million in 2021-22. These payments would reduce the estimated employer contribution rate from in</p>	<p>Approve May Revision proposal and adopt placeholder trailer bill language.</p>	

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								<p>2020-21 from 18.41 percent to 16.15 percent and from 17.9 percent to 16.02 percent in 2021-22. The May Revision summary notes a trailer bill proposal to suspend the CalSTRS annual rate increases authorized by the STRS Board at the 2019-20 level until 2023-24. The Administration would instead continue to make supplemental payments from Proposition 2.</p>	
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Issue	Entity	Dept.	Title	Net General Fund Impact (2019-20)	Net Other Fund Impact	Staff Comment
53	Statewide Issues	Various Departments	Supplemental Appropriations Bill	115,419,000	0	<p>This measure provides 2019-2020 GF for unanticipated costs for several departments including:</p> <ul style="list-style-type: none"> <li>• 3540 – Dept. of Forestry and Fire Protection - Back pay of cash-in-lieu-of benefits settlement - \$4,800,000</li> <li>• 5225 – Dept. of Corrections and Rehabilitation - Legionella Remediation - \$9,702,000</li> <li>• 7660 – Dept. of General Services - Un-reimbursed Camp Fire Expenditures - \$11,700,000</li> <li>• 8570 – Dept. of Food and Agriculture - Fairs: Legally Obligated Staff Payments - \$40,300,000</li> <li>• 9300 – Homicide Trial - Reimbursement for qualified counties for the costs of homicide trials - \$17,000</li> <li>• Various Depts. - 2019 Wildfire and Public Safety Power Shutoff - \$40,800,000</li> </ul> <p>Note: The Dept of Food and Agriculture is requesting \$40.3 million to make legally obligated payments to state civil servants at 53 state affiliated fairs. As a result of the COVID-19 crisis, the fairs have had to postpone or cancel revenue generating activities. The \$40.3 million will provide funding to fairs that have insufficient reserves while they make budget adjustments.</p>

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

**Public Safety, Corrections and the Judiciary**

<b>Issue #</b>	<b>Entity</b>	<b>Dept.</b>	<b>BR Title</b>	<b>Net General Fund Impact</b>	<b>Other Net Funds Impact</b>	<b>Positions Impact</b>	<b>Staff Comment</b>	<b>Staff Reco.</b>
1	0250	Judicial Branch	Ability to Pay Expansion	11,500,000 increasing to 56,000,000 annually beginning in 2023-24	--	7.0 in 2020-21 and ongoing	<p>The budget requires the Judicial Council to (1) develop an online adjudication tool for all infraction violations (not just traffic infractions) that would include an ability-to-pay component and (2) make the tool available statewide by June 30, 2023. While trial courts could choose whether to make use of the full online tool, all courts would be required to offer the ability-to-pay component of the tool by June 30, 2023.</p> <p>Given that the online adjudication tool allows individuals to more easily seek reductions in the total amount of criminal fines and fees that they are assessed, the amount of criminal fine and fee revenue collected is expected to decline on an ongoing basis. The Governor’s January budget estimated that this backfill will be \$7.6 million in 2020-21 and will reach \$54.2 million in 2023-24. Under the proposal, the exact of amount of this backfill would be adjusted annually to address whatever the actual loss in revenue is determined to be.</p>	Reject this proposal.

2	0250	Judicial Branch	Modernization of Court Operations	25,000,000	--	--	The May Revision includes \$25 million for various court modernization projects to increase access to justice for court users and enable remote participation by participants in court proceedings. While the Judicial Council will ultimately be tasked with prioritizing the use of this funding, potential projects may include expanded use of video equipment for hearings and interpreting, digitization of court records to promote accessibility to the public, cybersecurity upgrades to protect the public's information, and upgrades to data collection framework to allow for better resource allocation.	Modify--Approve \$25 Million each year for two years.
3	0690	Office of Emergency Services (OES)	Withdrawal of Wildfire Mitigation Financial Assistance Pilot Program (AB 38)	-25,839,000	-75,000,000	-4.0	Withdraws a pilot program for \$100 million in wildfire mitigation grants (of which \$75 million was from federal funds).	Approve the withdrawal of this proposal.
4	0690	OES	Withdrawal of Sexual Assault: Medical Evidentiary Examinations (AB 538)	-310,000	--	--		Reject the withdrawal of this proposal.
5	0690	OES	Reversion of Legislative Investments	-5,000,000	0	--	The Department of Finance reports funds available for reversion for the following programs: California Health Center Security Grants, California Internet Crimes Against Children Task Force, School Safety and Communications Interoperability Technology Grants, Domestic and Sexual Violence Prevention, and Homeless Youth Emergency Services and Housing.	Reject the reversion for programs with available balances.

6	0690	OES	Withdrawal of Statewide Smart 9-1-1 Feasibility Study (AB 911)	--	-350,000	--	Withdraws \$350,000 State Emergency Telephone Number Account for a Smart 9-1-1 feasibility study (AB 911).	Approve the withdrawal of this proposal.
7	0820	DOJ	Sex Offender: Registration Funding Alignment SB 384 (Wiener), Chapter 541, Statutes of 2017	-2,670,000	--	--	The May Revision includes adjustments resulting in a net change of zero by moving \$4.8 million General Fund expenditures proposed in the Governor's Budget for 2020-21 and 2021-22 to 2022-23 and 2023-24, to align the funding to implement SB 384 with an updated implementation timeline. Statutory changes are forthcoming.	Defer without prejudice.
8	0820	DOJ	TRUE Criminal Enforcement Program AB 1296 (Gonzalez), Chapter 626, Statutes of 2019	-5,753,000	--	-23.0	The May Revision withdraws a Governor's budget proposal to provide resources to the existing two TRUE teams to prosecute violations of labor, tax, insurance, and licensing laws by businesses and individuals in the underground economy.	Adopt the May Revision to withdraw this proposal. The department is able to implement the provisions of this bill while absorbing this workload.
9	5225	CDCR	California Health Care Facility - Legionella Remediation	4,438,000	--	15.0	The Governor's budget included \$9.7 million General Fund in 2019-20 and \$4.3 million ongoing and 15.0 positions beginning in fiscal year 2020-21, for new water system protocols to control Legionella bacteria and minimize risk of future illness at the California Health Care Facility.	Approve as budgeted.
10	5225	CDCR	Eliminate Parole Outpatient Clinics	-9,005,000 in 2020-21 -17,600,000 in 2021-22	--	-59.4 in 2020-21 -118.2 in 2021-22	The CDCR employs mental health clinicians that provide treatment to parolees out of parole offices across the state called Parole Outpatient Clinics. The May Revision proposes to no longer fund Parole Outpatient Clinics to eliminate	Approve as budgeted.



							redundancy in services and utilize services where the state receives financial participation from the federal government through Medi-Cal. This proposal retains Parole Outpatient Clinic psychiatrists to continue meeting emergency medication needs for parolees with mental illness.	
11	5225	CDCR	Consolidate Inmate Fire Camps	-7,353,000	--	-40.0	<p>While the 42 camps have capacity to house 4,234 inmates, in recent years the population has been around 3,000 inmates. This is because there are fewer lower level inmates who qualify for participation in the fire camp program following the 2011 Realignment and Proposition 47 in 2014.</p> <p>CDCR proposes to close eight camps and consolidate the inmates currently housed in those camps in the remaining 34 camps. The closures will take place by January 1, 2021, after conclusion of the fire season.</p> <p>This proposed consolidation will result in significant savings associated with reduced operating costs from the eight camps slated for closure. Specifically, we estimate savings of \$7,353,000 General Fund and 40 positions in 2020-21 and \$14,706,000 and 80 positions in 2021-22 and ongoing.</p>	Approve as budgeted.
12	5225	CDCR	Reentry Requirements Modification	-4,245,000			<p>This item scores savings that the CDCR expects to receive by drawing down federal funds for the medical care in community reentry programs. It has been noted that CDCR is working with DHCS to make any programmatic changes necessary so that individuals housed in these facilities will qualify for Medi-Cal.</p>	Approve as budgeted.

13	5225	CDCR	Modification of AB 900 General Fund Reappropriation	- 10,874,000			<p>For five Health Care Facility Improvement projects, Folsom State Prison’s Cell Block Five Fire Life &amp; Safety project, and multiple medication distribution improvement projects are authorized from this funding source. Preliminary plans and working drawings have been completed for these projects; however, construction has been delayed due to delayed approvals of fire sprinkler and fire alarm contracts, fire alarm system functionality and connectivity issues, redesign of existing nonconforming construction to meet project fire life safety code requirements, and phasing to maintain safe prison and medical operations during construction.</p>	<p>Adopt the May Revision to modify this proposal.</p>
14	5225	CDCR	Pharmacy Compliance SB 1447 (Hernandez), Chapter 666, Statutes of 2018 Exemption for CDCR Trailer Bill Language.				<p>The May Revision includes trailer bill language that revises the “correctional pharmacy” definition to (1) be any pharmacy licensed for the purpose of providing drugs and pharmaceutical care to CDCR inmates, irrespective of location. Secondly, it updates the language to replace the Inmate Medical Services Policies and Procedures which have been discontinued and converted to the CCHCS Department Operations Manual. It broadens the conditions in which it would be allowed for the removal and administering of a drug under the direction of the prescriber to any circumstance when it is determined necessary to administer the drug before being reviewed by a pharmacist rather than just when the pharmacy is closed. Finally, the language allows someone who is authorized to stock the Automated Drug Delivery System to also remove</p>	<p>Adopt placeholder trailer bill language.</p>

							drugs from it rather than just someone authorized to administer or dispense the drugs.	
15	5225	CDCR	Legislative Proposal: Prison Closure Trailer Bill Language	--	--	--	Proposed trailer bill language will require identification and notification of the selected prisons for closure to the appropriate legislative budget subcommittees. Timeline for notification aligns with Governor’s proposal and requires CDCR to consider enumerated factors in their selection process.	Adopt placeholder trailer bill language.
16	5227	BSCC	Indigent Defense Pilot	-10,000,000	--	--	The May Revision withdraws \$10 million one-time General Fund included in the Governor’s budget for the Board of State and Community Corrections to administer a pilot program, in consultation with the Office of the State Public Defender, to supplement local funding for indigent criminal defense.	Reject this proposal
17	8140	Office of State Public Defender (OSPD)	Indigent Defense Trailer Bill Language	--	--	--	The May Revision includes trailer bill language that requires the OSPD to, among other things, provide training and assistance to specified public defender offices and to other specified counsel appointed to represent indignant defendants in specified matters. It would authorize OSPD to provide representation to an eligible person where providing the representation is in furtherance of the primary missions of the OSPD. This change allows OSPD to start providing technical support and training to county level indigent defense providers – public defenders and contract providers – with the goal of improving the quality of representation across the state and enables OSPD to take on a wider range of cases, beyond death penalty, which will allow	Adopt placeholder trailer bill language

							them to take on the important legal issues being raised in non-death penalty cases.	
18	--	Various Departments	Legislative Proposal: Ban the Box Trailer Bill Language	--	--	--	The proposed trailer bill language prohibits a postsecondary education institution, exempting all professional schools and post academy coursework, from inquiring about a prospective student's criminal history on an initial application form or at any time during the application process before the institution's final decision relative to the prospective student's application for admission.	Adopt placeholder trailer bill language

Issue	Entity	Dept.	BR Title	General Fund	Other Funds	Positions	Net General Fund Change	Net Other Funds Change	Net Position Change	Staff Comment	Staff Reco.
19	0820	DOJ	Technical Adjustment: Controlled Substances:	1,567,000	--	--	--	34,000	--	--	Defer without prejudice

			CURES Database (AB 528)								
20	0820	DOJ	Technical Adjustment: Criminal Records: Automatic Relief AB 1076 (Ting), Chapter 578, Statutes of 2019.	--	3,600,000 in 2020-21 4,000,000 in 2021-22 3,600,000 in 2022-23 1,900,000 ongoing		--	84,000 in 2020-21 84,000 in 2020-21 - 1,728,000 in 2022-23	--	At the time of this proposal, the implementation timeline was three years. The California Department of Technology has delegated oversight authority back to the DOJ, which will allow the DOJ to complete the project in two years rather than three years. This accelerated timeline results in savings in out years.	Adopt May Revision
21	5225	CDCR	Youth Offender Rehabilitative Communities	6,200,000 in 2020-21 10,000,000 in 2021-22 and ongoing	--	14.8 in 2020-21 23.5 in 2021-22 and ongoing	- 4,866,000	--	-10.4	This program will cluster 600 incarcerated youth under the age of 26 together in a campus-style environment at Valley State Prison in Chowchilla.	Adopt May Revision

22	8140	Office of State Public Defender (OSPD)	Modify Indigent Defense	4,000,000	--	18.0	- 1,906,000	--	-10.0	The Governor's budget included \$4 million General Fund in 2020-21 and \$3.5 million annually thereafter to expand the Office's mission to include improving the quality of indigent defense services provided by counties. The May Revision makes a reduction of this amount to \$1.9 million ongoing.	Reject the May Revision, adopt Governor's January budget.
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**Issue 23 - Trigger Reductions.** The May Revision includes proposed reductions that will be triggered off if the federal government provides sufficient funding to restore it. These are detailed below:

Entity	Dep.	BR Title	General Fund	Special Funds	Positions	Staff Comment
0250	Judicial Branch	Judicial Branch Budget Reduction	-216,509,000 Trigger	--	--	The May revision includes a \$216.5 million General Fund reduction in 2020-21 and ongoing to reflect base reductions for the state-level judiciary, the trial courts, and other Judicial Branch local assistance programs. This represents a five percent reduction for operating expenses as well as to reflect a five percent reduction to the following programs: Dependency Counsel; Court Interpreters; California Collaborative and Drug Court Projects; Court Appointed Special Advocate Program; Model Self-Help Program; Equal Access Fund; Family Law Information Centers; and Civil Case Coordination.

5227	BSCC	Adult Reentry Grant Program	-37,000,000 Trigger	--	--	The May Revision decreases the budget by \$37 million in 2020-21 to account for eliminating funding for the Adult Reentry Grant Program.
0552	Office of the Inspector General (OIG)	Eliminate Expansion of OIG	-1,886,000 Trigger	--	-10.5	The May Revision includes a baseline reduction of \$1,886,000 and 10.5 positions to begin phasing out the staffing augmentation provided to the OIG in the 2019 Budget Act for audits and oversight. This proposal also includes a fiscal year 2019-20 reversion of salary savings, \$2,198,000 and associated provisional language.

**Staff Recommendation for Issue 23. Staff recommends the following actions:**

1. Reject any proposed cuts for the Adult Reentry Grant and OIG. Retain full funding in 2020-21 and ongoing for these items.
2. Reject \$15.2 million to other judicial branch programs, such as dependency counsel, court interpreters, and Equal Access Fund as listed in staff comment. Retain level of funding for these items in 2020-21 and ongoing.
3. Adopt an Alternative Trigger Mechanism, which is outlined elsewhere in this agenda, for the remaining Judicial Branch reduction.

**Issue 24 - Various and New Capital Outlay Proposals for CDCR.** The May Revision includes modifications to Governor’s budget Capital Outlay proposals for the CDCR and new Capital Outlay proposals:

Entity	Dept.	BR Title	General Fund	Net General Fund Impact	Staff Comment
5225	CDCR	Modification of California State Prison, Corcoran: Medication Distribution Improvement - Phase II	4,149,000	-1,570,000	The May Revision modifies this proposal by \$1,570,000 for a scope change related to a recent mission change for Housing Unit 3A4.

Entity	Dept.	BR Title	Net General Fund Impact	Net Other Fund Impact	Staff Comment
5225	CDCR	California Institution for Men, Chino: 50-Bed Mental Health Crisis Facility  Construction	0	91,032,000 Lease Revenue Bonds for construction.	The Governor's budget included funding to construct a licensed 50-Bed Mental Health Crisis Facility to provide housing, treatment, and office space to allow for inmate-patients in a crisis mental health state, or requiring other levels of licensed mental health care, to be treated at the California Institution for Men.
5225	CDCR	Valley State Prison, Chowchilla: Arsenic Removal Water Treatment Plant  Working Drawings	1,453,000	0	The Governor's budget included funding for the final phase of design of an arsenic removal water treatment plant at Valley State Prison due to the increase in arsenic levels in the wells at VSP and the adjacent Central California Women's Facility. This treatment plant will ensure compliance with the Environmental Protection Agency and State Water Resources Control Board drinking water quality standards.
5225	CDCR	Statewide: Budget Packages and Advanced Planning	250,000	0	The Governor's budget included funding perform advanced planning functions and prepare budget packages for capital outlay projects to enable the CDCR to perform advanced planning functions such as environmental reviews and site assessments to determine the feasibility of future capital outlay requests.
5225	CDCR	Various Projects: Carryover	0	224,477,000	
5225	CDCR	Ironwood State Prison, Blythe: Heating, Ventilation and Air-Conditioning System Reappropriation	0	70,197,000	Funding for construction was received in the 2014 Budget Act and subsequently reappropriated in the 2015 and 2017 Budget Acts. The construction completion has been delayed due to development and State Fire Marshal review of deferred fire alarm submittal and additional work required due to conflicts with existing utility locations at housing units. The Governor's budget included a reappropriation of \$70,197,000--the unexpended funding balance in the amount.
5225	CDCR	Calipatria State Prison, Calipatria: Health Care Facility Improvement Project Reappropriation (Phase II)	1,631,000	0	Funding for Construction of Phase II was received in the 2017 Budget Act. Due to delays encountered related to project connectivity to the existing fire alarm system and corrections to existing non-conforming conditions to address State Fire Marshal code requirements, the construction will not be completed by June 30, 2020. The Governor's budget included a reappropriation of \$1,631,000--the unexpended funding balance in the amount.



5225	CDCR	Correctional Training Facility, Soledad: Health Care Facility Improvement Program--Specialty Care Clinic  Construction	0	2,666,000	Subsequent to the 2019 Budget Act, it was determined that the construction funding is not adequate due to unanticipated existing building conditions. Therefore, the May Revision includes a supplemental appropriation for the construction phase in the amount of \$2,666,000 from the Public Buildings Construction Fund (0660). The total estimated project cost is \$13,101,000.
5225	CDCR	Various Projects: Health Care Facilities Improvement Program - Increase Lease Revenue Bond Authority  Construction	0	32,532,000	It is requested that statutory language be adopted to increase the lease revenue appropriation authorized by Government Code section 15819.403 for this construction program by \$32,532,000. This program provides medical, dental, and mental health treatment or housing space at existing prison facilities. This action is necessary to address cost increases and to comply with the Receiver's Turn-Around Plan of Action related to the Plata litigation. This language also includes reporting requirements to allow the Legislature to monitor the progress in the program.
5225	CDCR	California Men's Colony, San Luis Obispo: West Facility Central Kitchen Replacement –  Continued Construction	0	8,205,000 Lease Revenue	The proposal is on the construction of a new approximately 10,000 square foot (sf) Central Services Kitchen at the California Men's Colony (CMC), West Facility, and two approximately 4,700 sf satellite dining facilities; one at Unit I and one at Unit II.  During construction, it was determined that the construction funding is not adequate to complete construction. Therefore, the May Revision seeks a supplemental appropriation for the construction phase in the amount of \$8,205,000. The total estimated project cost is \$32,912,000.
5225	CDCR	California State Prison, Los Angeles County, Lancaster: Medication Preparation Room Unit D5  Preliminary Plans	300,000	0	The May Revision includes funding for design and construction of a Medication Preparation Room (MPR) at the California State Prison, Los Angeles County in housing unit D5. A MPR is designed for nursing staff to prepare medications to provide to Administrative Segregation Unit inmates. This proposal requests funding for the preliminary plants phase of this project. The total estimated project cost is \$3,398,000 General Fund.

5225	CDCR	Central California Women's Facility, Chowchilla: Medication Distribution Improvements Phase II,	753,000	0	The construction amount includes \$344,000 for the construction contract, \$24,000 for contingency, \$55,000 for architectural and engineering services, \$62,000 for agency-retained items, and \$268,000 for other project costs.
5225	CDCR	California Health Care Facility, Stockton: Medication Distribution Improvements Phase II	5,246,000	0	The construction amount includes \$3,770,000 for the construction contract, \$264,000 for contingency, \$208,000 for architectural and engineering services, \$347,000 for agency-retained items, and \$657,000 for other project costs.
5225	CDCR	California Institution for Women, Chino: Medication Distribution Improvements Phase II	804,000	0	The construction amount includes \$368,000 for the construction contract, \$25,000 for contingency, \$55,000 for architectural and engineering services, \$62,000 for agency-retained items, and \$294,000 for other project costs.
5225	CDCR	Correctional Training Facility, Soledad: Medication Distribution Improvements Phase II	724,000	0	The construction amount includes \$292,000 for the construction contract, \$21,000 for contingency, \$55,000 for architectural and engineering services, \$62,000 for agency-retained items, and \$294,000 for other project costs.
5225	CDCR	Folsom State Prison, Folsom: Medication Distribution Improvements Phase II	1,035,000	0	The construction amount includes \$533,000 for the construction contract, \$37,000 for contingency, \$55,000 for architectural and engineering services, \$65,000 for agency-retained items, and \$345,000 for other project costs.
5225	CDCR	California State Prison, Los Angeles County: Medication Distribution Improvements Phase II	3,546,000	0	The construction amount includes \$2,536,000 for the construction contract, \$178,000 for contingency, \$134,000 for architectural and engineering services, \$261,000 for agency-retained items, and \$437,000 for other project costs.

5225	CDCR	Mule Creek State Prison, Ione: Medication Distribution Improvements Phase II	726,000	0	The construction amount includes \$320,000 for the construction contract, \$22,000 for contingency, \$55,000 for architectural and engineering services, \$62,000 for agency-retained items, and \$267,000 for other project costs.
5225	CDCR	Pelican Bay State Prison, Crescent City: Medication Distribution Improvements Phase II	1,681,000	0	The construction amount includes \$1,128,000 for the construction contract, \$79,000 for contingency, \$116,000 for architectural and engineering services, \$88,000 for agency-retained items, and \$270,000 for other project costs.
5225	CDCR	Richard J. Donovan Correctional Facility, San Diego: Medication Distribution Improvements Phase II	3,339,000	0	The construction amount includes \$2,485,000 for the construction contract, \$174,000 for contingency, \$111,000 for architectural and engineering services, \$187,000 for agency-retained items, and \$382,000 for other project costs.
5225	CDCR	California State Prison, Sacramento: Medication Distribution Improvements Phase II	6,975,000	0	The construction amount includes \$5,428,000 for the construction contract, \$380,000 for contingency, \$206,000 for architectural and engineering services, \$391,000 for agency-retained items, and \$570,000 for other project costs.
5225	CDCR	California State Prison, Solano: Medication Distribution Improvements Phase II	840,000	0	The construction amount includes \$410,000 for the construction contract, \$29,000 for contingency, \$54,000 for architectural and engineering services, \$63,000 for agency-retained items, and \$284,000 for other project costs.
5225	CDCR	Salinas Valley State Prison, Soledad: Medication Distribution Improvements Phase II	1,848,000	0	The construction amount includes \$1,317,000 for the construction contract, \$92,000 for contingency, \$55,000 for architectural and engineering services, \$89,000 for agency-retained items, and \$295,000 for other project costs.

**Staff Recommendation for Issue 24.** Defer all Capital Outlay projects listed above without prejudice.

**Issue 25 - Adult Population Adjustment.** The May Revision reflects an estimated average daily population of 122,536 in 2020-21, which is 1,180 fewer than projected in the Governor's Budget. The projected parolee average daily population is 56,966 in 2020-21, which is an increase of 1,884 compared to the Governor's Budget projection.

According to the Administration, the proposed adjustments included in the May Revision population update were completed before COVID-19 related responses and other changes to population took place. However, the department has incurred both (1) additional costs associated with COVID-19 related risk mitigation, supplies, and treatment and (2) additional savings associated with COVID related population adjustments. Population-related adjustments will continue to be refined as additional information becomes available, including through the regular fall pop process.

<b><u>Vote -Only: New May Revision Budget Proposals</u></b>					
<b>Adult Population Adjustment</b>					
<b>Entity</b>	<b>Department</b>	<b>BR Title</b>	<b>Net General Fund Impact</b>	<b>Net Other Funds Impact</b>	<b>Net Positions Impact</b>
5225	CDCR	Population - California Correctional Health Care Services Reentry Programs	4,289,000	--	--
5225	CDCR	Population - Male Community Reentry Program Adjustment	-1,727,000	--	--
5225	CDCR	Population - Pharmaceutical Adjustment	6,677,000	--	--
5225	CDCR	Population - Medical Classification Model Adjustment	3,200,000	--	6.2
5225	CDCR	Population - Custody to Community Transitional Reentry Program	-930,000	--	--
5225	CDCR	Population - Reentry Support Standard Adjustment	-68,000	--	-0.9
5225	CDCR	Population - Board of Parole Hearings Staffing Standard Adjustment	3,007,000	--	15.2
5225	CDCR	Population - Board of Parole Hearings Contracts Adjustment	89,000	--	--
5225	CDCR	Population - Parole Ratio Position Standard Adjustment	12,965,000	--	58.7
5225	CDCR	Population - Unallocated Standard Adjustment	-9,139,000	-258,000	-22.7
5225	CDCR	Population - Housing Unit Conversion Adjustment	-7,114,000	--	-44.2
		<b>NET CHANGE</b>	<b>11,249,000</b>	<b>258,000</b>	<b>12.3</b>

**Staff Recommendation for Issue 25.** Approve population adjustments as budgeted, plus make any necessary population projection modifications in accordance with trailer bill language or other provisions contained in the budget.

**Issue 26 - Division of Juvenile Justice (DJJ) Realignment.** The May Revision includes the following proposals:

Entity	Dept.	BR Title	Net General Fund Impact	Net Special Fund Impact	Net Position Impact	Staff Comment	Staff Reco. for Issue 26
5225	CDCR	DJJ Realignment	-11,352,000	--	-23.7	The budget includes reductions of \$11,352,000 and 23.7 positions to permanently stop intake into the state Division of Juvenile Justice on January 1, 2021, and transfer responsibility for all youth commitments to counties. Statutory changes implement this proposal and a funding mechanism is described in the next issue.	Approve as budgeted and adopt placeholder trailer bill language
5227	BSCC	DJJ Realignment	10,260,000	--	--	<p>To support counties in the housing of realigned wards, the May Revision includes a two-mechanism funding allocation. In the first mechanism, the state will provide counties \$125,000 per estimated youth held locally, with a minimum \$250,000 per county annual payment. In recognition that approximately 20 percent of the youths currently housed in state juvenile facilities have significant sex behavior treatment or mental health treatment needs, the May Revision proposes to provide funding to establish three regional sex offender treatment hubs for wards who meet the associated criteria.</p> <p>The combined costs are ~ \$10.2 million, in 2020-21. The supplemental payment for mental health and sex offender treatment units will increase to \$9.6 million for 2021-22 and ongoing. The supplemental funds will be released to counties through competitive grants to county probation departments administered by the BSCC. Probation departments will serve as hubs to meet the specific treatment needs of youth throughout the juvenile justice system.</p>	Defer without prejudice

## Discussion Items

### STATEWIDE BUDGET CONTROL SECTIONS

#### **Issue 1: Budget Framework (Control Section 8.28 - Restorations Trigger Related to Federal Funds and Control Section 35.50: Budget Stabilization Account Estimate)**

##### **1. Control Section 8.28 – Restorations Trigger Related to Federal Funds**

**May Revise Proposal.** The May Revision proposes that Control Section 8.28 be added to authorize allocations of additional federal funds received by the state to specified departments or programs that are reduced as part of the May Revision’s trigger reductions. The total amount of funding subject to the Governor’s trigger proposal is approximately \$14 billion. Under this proposal, funding reductions subject to the trigger would occur on July 1, 2020. No later than seven days after any federal legislation has been enacted to provide additional funding to the state for the 2019-20 and/or 2020-21 fiscal years, the Director of Finance will determine whether the federal legislation will make available, by June 30, 2021, additional federal funds that may be used to offset the trigger reductions.

**Background.** As a component of the Governor’s package of solutions to address the \$54.3 billion budget problem projected in the May Revision, it is assumed that approximately \$14 billion in funding reductions would occur that could be restored if sufficient additional federal resources are provided to support state and local governments that are grappling with the economic impacts of the COVID-19 pandemic. Some of the reductions included in the Governor’s plan include: elimination of various Medi-Cal optional benefits, eliminate community based adult services, Department of Developmental Services provider rate reductions, withholding the federal COLA for SSI/SSP recipients, a reduction of In-Home Supportive Services recipients’ service hours, and reductions to K-12 education and the higher education segments.

**Staff Comment and Senate Trigger Plan.** Under this May Revision proposal, the Governor’s proposed budget cuts would take effect at the beginning of the 2020-21 fiscal year and then be triggered off if additional federal funds are provided to the state. As an alternative, the Senate has developed a trigger proposal that would instead budget assuming that additional federal funds will materialize and would trigger, effective October 1 2020, a set of solutions that differs from the Governor’s should the federal funds not materialize by September 1, 2020. This date will ensure that there is ample time for the federal government to act. Specifically, the Senate’s trigger plan would:

1. Reject the Governor’s proposed May Revision trigger plan and cuts.
2. Assume that California will receive additional federal support sufficient to avoid further reductions or solutions.
3. Move the trigger date to October 1, 2020, dependent on the federal government taking action by September 1, 2020 to provide additional resources to state and local governments.

4. Include the following solutions totaling \$13.1 billion in the event that sufficient federal funds do not materialize by October 1, 2020:
  - a. Maximize the use of the Budget Stabilization Account - \$1.8 billion.
  - b. Maximize the use of the Safety Net Reserve - \$900 million (reflects the rejection of use of the reserve outside of the trigger).
  - c. Reinstatement of the Payroll and PERS deferrals that were in effect until the 2019-20 budget year - \$1.8 billion.
  - d. Special fund loans associated with the deferrals - \$1.1 billion.
  - e. Proposition 98 deferral - \$5.3 billion.
  - f. Reductions to the University of California and California State University - \$400 million (\$200 million each).
  - g. Reductions to the Courts and California Department of Corrections and Rehabilitation (CDCR) - \$170 million (\$100 million reduction to the Courts and \$70 million to CDCR).
  - h. MCO Adjustment Within the Current Structure - \$1 billion.
  - i. Undo County Realignment Support - \$600 million.
  - j. Employee Compensation Savings Achieved Through Collective Bargaining - Unknown

The Senate trigger plan would maximize the use of reserves and deploy other budget solutions in order to protect against drastic cuts that potentially make our fiscal and programmatic problems worse going forward. Even with this plan, if the trigger proposal were to go into effect, California would maintain a reserve of approximately \$7.8 billion to help mitigate any budget shortfall that we may face next year.

## 2. Control Section 35.50: Budget Stabilization Account Estimate

**May Revise Proposal.** The May revision proposes that Control Section 35.50 be amended to reflect updated calculations at May Revision, the suspension of the 2020-21 deposit required by Section 20 of Article XVI of the California Constitution, and the first ever withdrawal of funds from the Budget Stabilization Account (BSA) to support General Fund costs in 2020-21. Specifically, the following provision is added to Control Section 35.50 to withdraw \$7.8 billion from the BSA:

(9) Pursuant to subparagraph (A) of paragraph (2) of subdivision (a) of Section 22 of Article XVI of the California Constitution, \$7,806,000,000 is hereby transferred from the Budget Stabilization Account to the General Fund for the 2020–21 fiscal year effective July 1, 2020.”

**Background.** Proposition 2, the Rainy Day Budget Stabilization Fund Act of 2014, altered the state’s requirements for the BSA. To build the state’s fiscal reserves, Proposition 2 required the controller to deposit annually into the BSA: A) 1.5 percent of general fund revenues and B) an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of 8 percent of general fund revenues. The current balance of the BSA is approximately \$16.2 billion.

The Legislature can suspend a BSA deposit or make a withdrawal from the mandatory share of the BSA if the Governor declares a budget emergency. The Governor may call a budget emergency in two cases: 1) if estimated resources in the current or upcoming fiscal year are insufficient to keep spending at the level of the highest of the prior three budgets, adjusted for inflation and population (a “fiscal budget

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emergency”) or 2) in response to a natural or man-made disaster. In the case of a fiscal emergency, the Legislature may only withdraw the lesser of: 1) the amount of the budget emergency, or 2) 50 percent of the BSA balance.

In addition to the required deposits made into the BSA, the account balance includes approximately \$3.1 billion in optional deposits. The May Revision proposal would withdraw this optional balance along with \$4.7 billion of mandatory deposits.

**Staff Comment.** The Senate plan’s BSA withdrawal and balance would remain unchanged if sufficient federal funds were received to prevent the trigger actions from taking place. However, if the trigger actions were to take effect, an additional \$1.8 billion would be withdrawn from the BSA over the Governor’s May Revision amount.

**Staff Recommendation.** Adopt the Senate’s trigger plan as displayed above and, as follows:

Include the following solutions totaling \$13.1 billion in the event that sufficient federal funds do not materialize by October 1, 2020:

- a. Maximize the use of the Budget Stabilization Account - \$1.8 billion.
- b. Maximize the use of the Safety Net Reserve - \$900 million.
- c. Reinstate the Payroll and PERS deferrals that were in effect until the 2019-20 budget year - \$1.8 billion.
- d. Special fund loans associated with the deferrals - \$1.1 billion.
- e. Proposition 98 deferral - \$5.3 billion.
- f. Reductions to the University of California and California State University - \$400 million (\$200 million each).
- g. Reductions to the Courts and California Department of Corrections and Rehabilitation (CDCR) - \$170 million (\$100 million reduction to the Courts and \$70 million to CDCR).
- h. MCO Adjustment Within the Current Structure - \$1 billion.
- i. Undo County Realignment Support - \$600 million.
- j. Employee Compensation Savings Achieved Through Collective Bargaining - Unknown



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**6100 DEPARTMENT OF EDUCATION**  
**6870 CALIFORNIA COMMUNITY COLLEGES****Issue 2: Proposition 98 Package**

**May Revise Proposal.** The May Revision provides a substantial decrease to the Proposition 98 Guarantee of \$17.5 billion from the Governor's budget for the three-year period of 2018-19 to 2020-21 and funds the Proposition 98 Guarantee at \$78.7 billion, \$77.4 billion, and \$70.5 billion, respectively. The May Revision reduces spending to the Proposition 98 by including payment deferrals for K-14 education and reducing funding for the Local Control Funding Formula, the Student Centered Funding Formula, and various K-14 categorical programs. These reductions would be backfilled if federal funds became available.

The May Revision also includes a new multi-year payment obligation designed to supplement funding provided by Proposition 98. This new obligation would designate 1.5 percent of General Fund Revenues per year to K-14 education beginning in 2021-22 to provide \$13 billion over a multi-year period. This funding would accelerate the recovery of K-14 education funding from reductions and increase the Proposition 98 share of General Fund from 38 to 40 percent in a Test 1 year by 2023-24.

**Background.** Local Educational Agencies (LEAs) and the California Community Colleges (CCCs) are facing an uncertain 2020-21 fiscal year. The COVID-19 emergency has disrupted traditional methods of teaching and learning and school campus operations. LEAs and CCCs are facing the challenges of navigating public health recommendations in re-opening their physical spaces for the safety of students and staff, and addressing issues of learning loss, and distance learning needs in the coming school year. Within this context, the Proposition 98 Guarantee has declined significantly year over year. LEAs and CCCs budget on a multi-year cycle and reductions can be difficult to absorb without proper lead time and additional flexibility in operations.

**Staff Recommendation:** Adopt the Proposition 98 Package (Attachment A).

The attached Proposition 98 Package, rejects the May Revision trigger cuts and instead:

- Fully Funds the Local Control Funding Formula, including a cost-of-living-adjustment (COLA) of 2.31 percent.
- Funds K-12 Categorical Programs at the 2019-20 levels
- Maintains, and adds COLA, to the Standard Reimbursement Rate for State Preschool and the full-day State Preschool add-on rate.
- Eliminates a statutory growth reduction for State Preschool slots.
- Funds the Student Centered Funding Formula, including a cost-of-living adjustment
- Funds CCC categorical programs at 2019-20 levels, including the Strong Workforce Program and the Student Equity and Achievement Program.

- Reduces CalBright College funding by \$77 million one-time above the Governor’s \$3 million ongoing. Additionally, does not provide a backfill for the College if Federal Funds becomes available.
- Funds adult education programs at the 2019-20 levels, among other investments.

The Proposition 98 Package includes the Senate Trigger Plan noted above under Issue 1. In the event that sufficient federal funds do not materialize by October 1, 2020, the Senate Trigger Plan would increase the deferral of K-14 Proposition 98 funds from the 2020-21 fiscal year to the 2021-22 fiscal year by \$5.3 billion.

The Proposition 98 Package includes the adoption of placeholder trailer bill language to enact the Proposition 98 Supplementary Payment Plan proposed in the May Revision, adjusted for changes in funding the Proposition 98 Guarantee.

Finally, the Proposition 98 Package includes technical changes and placeholder trailer bill to enact the provisions of the package.

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**NEW AND AMENDED BUDGET CONTROL SECTIONS****Issue 3: Control Sections 11.90, 11.95, and 36.00****1. Control Section 11.90**

**Governor’s Proposal.** The May Revision proposes to add Control Section 11.90 to give the Department of Finance the authority to allocate Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. Specifically, the proposed language would authorize allocations received from the Coronavirus Relief Fund for the state’s COVID-19 response. These funds are available for specified purposes for costs incurred between March 1, 2020 and December 30, 2020. In a revised proposal, the Director of Finance would be required to notify the Joint Legislative Budget Committee 10 days prior to making any changes to the planned expenditures.

**Background.** The CARES Act, adopted by Congress and signed into law on March 27, 2020, included \$2.2 trillion in federal stimulus for the nation. The CARES Act established the Coronavirus Relief Fund and appropriated \$150 billion to the Fund. According to the Department of Finance, California will receive \$9,525,564,744 for expenditures incurred by the state and local governments due to the COVID-19 public health emergency.

**2. Control Section 11.95**

**Governor’s Proposal.** The May Revision proposes to add Control Section 11.95 to give the Department of Finance the authority to allocate funds authorized by federal legislation for the purpose of offsetting state expenditures incurred during the COVID-19 public health emergency and supporting the state’s COVID-19 response. The proposed language would allow the Director to adjust any 2020-21 budget item to account for additional federal funding for COVID-19 response. The Director of Finance would be required to notify the Joint Legislative Budget Committee of any augmentation that exceeds \$1,000,000.

**3. Control Section 36.00**

**Governor’s Proposal.** The May Revision proposes to include and amend Control Section 36.00 in the Budget Act of 2020-21.

**Background.** SB 89, which passed the Legislature on March 17, 2020 with bipartisan support, added Section 36.00 to the Budget Act of 2019-20 to address the Governor’s March 4, 2020 COVID-19 Proclamation of Emergency. It included an appropriation of \$1 billion in General Fund to be utilized, upon the order of the Director of Finance and a 72-hour written notice to the Joint Legislative Budget Committee, for any purpose related to the March 4, 2020 Proclamation of Emergency. To date, the Director has made COVID-19-related augmentations in the amount of

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\$805 million. The May Revision proposes to extend the terms of Section 36.00 in the Budget Act of 2020-21 with an additional augmentation of \$2.86 billion.

**Staff Recommendation.**

**1. Control Section 11.90**

Amend the proposed Section 11.90 language to authorize the Administration to make budgetary augmentations with \$9,525,564,744 from the federal Coronavirus Relief Fund for urgent COVID-19 response efforts after providing a 10 day notification to the Legislature. Include language that states that this section does not provide an alternative to the budget process, and require that additional spending be considered in amendments to the annual State Budget or other state legislation unless there is an urgent need. Include language that states contracts should not be executed until the end of the notification period unless otherwise waived by the chairperson of the JLBC. Require that the contracts be posted online and submitted to the JLBC within 24 hours of execution. Additionally, add language to direct a specific augmentation of funds for housing and homelessness with specific spending requirements. Department of Finance shall allocate \$2,3500,000,000 as follows:

- \$600 million to provide housing for individuals and families experiencing homelessness or at risk of homelessness in response to the COVID-19 pandemic, including, but not limited to, acquisition of motels, hotels, residential hotels, or hostels; acquisition and rehabilitation of motels, hotels, residential hotels, or hostels; master leasing of properties; conversion of units in a structure with a certificate of occupancy as a motel, hotel, residential hotel, or hostel from nonresidential to residential by acquisition of the unit; or the purchase of affordability covenants and restrictions for the unit; or for the provision of housing support to individuals and families who are homeless or at risk of homelessness.
  - Initial priority placement for these newly-created units shall be provided for individuals who were either suspected/confirmed individuals or at-risk individuals during COVID.
- \$450 million shall be provided to cities be used toward homelessness, public health, public safety, and other services to combat the COVID-19 pandemic.
- \$1.3 billion shall be provided to counties to be used toward homelessness, public health, public safety, and other services to combat the COVID-19 pandemic.
- If funds allocated pursuant to the purposes identified above are not spent by September 1, 2020 the Director of Finance may reallocate these funds to any item of appropriation for other allowable activities with a 10 day notification of the JLBC.
  - Any funds redirected from original purposes stated for the \$600 million above shall be provided to local governments in accordance with the requirements of Chapter 6 (commencing with Section 50216) to Part 1 of Division 31 of the Health and Safety Code.

- Funding to local governments, pursuant to this section, is contingent on adherence to federal guidance and the state's stay-at-home orders. Funding shall be released upon jurisdictions' certification of both.
- All funding provided for housing and homeless purposes under this section shall comply with Housing First principles.

## **2. Control Section 11.95**

Reject the Administration's proposed language to establish a new Section 11.95.

## **3. Control Section 30.00**

Revise Section 36.00. Appropriate \$2,863,028,000 in General Fund for COVID-19 response. \$250 million of the \$2.86 billion will be available until July 13, 2020 for urgent COVID-19 response needs and requires a 10 day notification of the JLBC. Include language that states that the remaining funds should be considered in amendments to the annual State Budget or other state legislation unless there is an urgent need. It also extends the JLBC notification period to 10 days and states that contracts should not be executed until the end of the notification period unless otherwise waived by the chairperson of the JLBC. Require that the contracts be posted online and submitted to the JLBC within 24 hours of execution.

Amend DREOA to include language that requires the Department of Finance to notify the JLBC 10 days prior to funds being transferred to each department and include the purposes of the planned expenditure and the justification for the amount proposed for expenditure. Require that the contracts be posted online and submitted to the JLBC within 24 hours of execution.

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**BU 0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY**  
**BU 2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT****Issue 4: Housing and Homelessness Trailer Bill Proposals**

**Request.** The May Revision includes several pieces of trailer bill language intended to speed the development of affordable housing and implement portions of the Administration’s homelessness proposal, specifically the \$600 million in proposed federal funds for the acquisition and conversion of hotels, motels, and other properties.

**Background.** The Administration launched Project Roomkey in early April, which aims to partner with local governments to house homeless individuals in hotel and motel rooms so they can shelter in place during the pandemic. The initiative set an initial goal of securing up to 15,000 rooms for this purpose. The state has primarily assisted local governments in identifying suitable properties and negotiating leases.

The May Revision includes \$600 million from the federal Coronavirus Relief Fund (CRF) for the acquisition, conversion, and rehabilitation of hotels, motels, and other properties to provide housing for individuals and families experiencing or at risk of homelessness. Under Federal law these funds must be expended by December 30, 2020.

Executive Order N-06-19 directed the Department of General Services (DGS) to create an inventory of all state-owned lands that may be available for potential development no later than April 30, 2019.

**Staff Comments.** The Administration has proposed trailer bill language to allocate the \$600 million in CRF funds for Project Roomkey and other property acquisition through the Multifamily Housing Program to allow HCD to allocate the money quickly. The trailer bill language also provides streamlined approval processes for projects funded in this manner.

Additionally, the administration has proposed trailer bill language to encourage the acquisition of these properties and to streamline the utilization of state excess properties for housing development. The language, among other things, allows local governments to count certain hotel and motel conversions and preservation of certain mobilehomes towards the sixth cycle of their Regional Housing Needs Assessment; streamlines the use of excess state lands and properties for housing development; and extends deadlines for a variety of planning assistance programs for local governments.

The Administration’s proposal relies heavily on federal CRF funds, which provide vital financial assistance but are time limited. By Federal law all CRF funds must be spent by the end of the calendar year. This limits the ability to provide ongoing support to local housing and homelessness programs, and raises questions about the ability of the state to acquire \$600 million in properties in a six month time period. Additionally, the state has provided significant aid to local governments to combat homelessness in recent years. Relying solely on CRF funding for homeless aid in the budget year means that programs that have previously been funded may struggle to find continued funding after CRF funds expire in

December of 2020. This limits the ability of the state to preserve gains that have been made in recent years. Additional state funding would mitigate this issue and would serve to both address a pressing issue and serve as a down payment until the Senate's Economic Recovery Fund takes hold.

**Staff Recommendation.** Approve placeholder trailer bill language for Project Roomkey and housing development.

Approve \$250 million in General Fund resources for aid to local governments to combat homelessness. Adopt placeholder trailer bill language to allocate these funds.