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CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019
SACRAMENTO, CA 95814



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Agenda

September 10, 2019

8:30 a.m. – State Capitol Room 4203

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1. A.B. 109	Ting	Budget Act of 2019
2. A.B. 112	Committee on Budget	State Government
3. A.B. 113	Committee on Budget	Housing
4. A.B. 114	Committee on Budget	Education Finance
5. A.B. 115	Committee on Budget	Medi-Cal: Managed Care Organization Provider
6. A.B. 116	Ting	Local Government
7. A.B. 118	Committee on Budget	State Employment: State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21
8. A.B. 121	Committee on Budget	Social Services
9. A.B. 117	Committee on Budget	Taxes – (pending)

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2019 - 2020 Regular

Bill No:	AB 109	Hearing Date:	September 10, 2019
Author:	Ting		
Version:	September 6, 2019 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Joe Stephenshaw		

Subject: Budget Act of 2019

Summary: AB 109 is the third Budget Bill Junior associated with the Budget Act of 2019. This bill makes technical and substantive changes to the Budget Act.

Background: The Legislature has passed three budget bills that comprise the Budget Act of 2019 - AB 74 (Ting), Chapter 23, Statutes of 2019, SB 106 (Committee on Budget and Fiscal Review), Chapter 55, Statutes of 2019, and AB 110 (Ting), Chapter 80, Statutes of 2019. AB 109 includes additional provisions of the 2019 budget.

Proposed Law: Specifically, this bill includes the following significant amendments:

Education

The following items were part of the June budget agreement or are technical in nature:

1. Amends funding for the Federal Title I, Part C, Migrant Education Program to reflect a reduction in available federal grant funding of \$5 million and an increase of \$5 million in available carryover funds.
2. Increases funding for the federal McKinney Vento Homeless Children Education Program by \$1.8 million to reflect available federal grant funding.
3. Shifts \$57.3 million of CalWORKs Stage 3 child care funding from the General Fund to federal funds, reduces the amount of federal funds for the Early Learning and Care Infrastructure Grant by \$102.3 million, and increases the amount of federal funds for the Early Learning and Care Workforce Grant by \$45 million. These changes correspond to changes to appropriations made in the education clean-up trailer bill. Together the changes have a net zero impact on child care programs and reflect changes to the distribution of federal funds and General Fund in child care programs to align with allowable uses of federal funds.
4. Extends the date by which the Department of Education shall transfer funds to the California Collaborative for Educational Excellence for administration of the 21st Century California School Leadership Academy Grant to no later than December 15, 2019.
5. Amends a fund source for reappropriated Proposition 98 funds.

6. Eliminates the community college district local match requirement for the CalWORKs categorical program.
7. Provides \$339,000 to promote equal employment opportunities, hiring and promotion at community college districts.
8. Reappropriates \$10.6 million Proposition 98 General Fund for various community college programs, including the Student Success and Support Program, Student Success and Basic Skills Students, Telecommunications and Technology Infrastructure, Fund for Student Success, and Economic Development.
9. Makes other technical changes.

The following items are new or related to issues that were inadvertently left out of the June budget agreement:

10. Appropriates \$160,000 to the University of California, Davis School of Veterinary Medicine for a humane management tool for wild horse populations.

General Government

The following items were part of the June budget agreement or are technical in nature:

11. Appropriates \$12 million General Fund for a grant to the County of Stanislaus for emergency communications equipment and infrastructure.
12. Reappropriates \$3.3 million General Fund for the California Workforce Development Board's Removing Barriers to Employment Act.
13. Appropriates \$10 million General Fund to the City of Palm Springs to address homelessness-related needs.
14. Makes technical changes to provisions related to grant programs administered by the Office of Emergency Services.
15. Makes technical changes to provisions related to cannabis enforcement positions in the Department of Consumer Affairs.
16. Makes other technical changes.

The following items are new or related to issues that were inadvertently left out of the June budget agreement:

17. Appropriates \$10 million General Fund for the California Health Center Security Grant Program.
18. Appropriates \$1.5 million General Fund to provide flood relief for the County of Sonoma.

Human Services

The following items were part of the June budget agreement or are technical in nature:

19. Includes provisions allowing the Department of Social Services to award grants and/or contracts for legal fellowships for the Immigrant Justice Fellowship program.
20. Makes an amendment to correct the amount of funding appropriated for the Bringing Families Home program in the 2019 budget.
21. Makes an amendment to correct the amount of funding appropriated for deferred maintenance within the Department of Developmental Services.
22. Makes technical changes related to funding for the Emergency Child Care Bridge program.

Resources

The following items were part of the June budget agreement or are technical in nature:

23. Appropriates \$500,000 for the Boys and Girls Club of Stanislaus.
24. Appropriates \$500,000 for the Boys and Girls Club of Marin.
25. Authorizes the Department of Finance to fund California Conservation Corps costs for personal service contract costs, or other personnel costs outside of standard civil service compensation, that are a result of increases to the state's minimum wage.
26. Makes other technical changes.

The following items are new or related to issues that were inadvertently left out of the June budget agreement:

27. Provides \$206.1 million for the design-build phase of the Salton Sea Species Conservation Habitat project to commence this fiscal year, and would revert \$89.6 million in funds previously provided for this purpose. The project will construct habitat crucial to restoring wildlife within the Salton Sea.
28. Appropriates \$14.9 million General Fund one-time to the Department of Forestry and Fire Protection for overtime compensation for Cal FIRE paramedic staff.
29. Appropriates \$1 million General Fund for the Laguna Canyon Road Fuel Modification Project.
30. Appropriates \$1 million General Fund for the California Green Business Network, which supports green business certification programs.

31. Appropriates \$2.2 million General Fund for local assistance grants to the County of Yolo for the replacement of the Yolo County Road 40 Low Water Bridge.

32. Appropriates \$1 million for the Terasaki Budoken Recreation Center and Park.

Fiscal Effect: In amending the Budget Act of 2019, this bill includes net changes in appropriations of approximately a \$34.2 million General Fund reduction, an increase of \$1.2 million federal funds, and an increase \$101.3 million special funds. The reduced GF is largely the result of a reduction of \$57.3 million to reflect changes to the distribution of federal funds and General Fund in child care programs to align with allowable uses of federal funds. When taken together with changes made in the Education trailer bill, AB 114, the combined adjustments result in a net zero impact to child care programs.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: AB 112 **Hearing Date:** September 10, 2019
Author: Committee on Budget
Version: September 6, 2019 As amended
Urgency: No **Fiscal:** No
Consultant: Yong Salas

Subject: State Government

Summary: This bill contains statutory provisions related to general government and state administration necessary to implement the Budget Act of 2019.

Fiscal Impact: Appropriates \$3.5 million ongoing to the Office of the Inspector General (OIG).

Proposed Law: This bill makes the following statutory changes:

1. Removes a redundant provision and clarifies the disposition process for all records, data, and other documentation in the possession of the office as a result of engagement with the Office of Digital Innovation, and makes other technical changes.
2. Corrects a typographical error in the fee schedule for an alcoholic beverage license.
3. Clarifies existing state law with respect to the employment verification process administered by employers, consistent with federal law.
4. Repeals an obsolete provision requiring payment for the services of the Controller to state agencies in implementing the California Automated Travel Expense Reimbursement System to be made by direct transfer.
5. Eliminates authorization for the California Secure Choice Retirement Savings Investment Board to establish a Gain and Loss Reserve Account.
6. Specifies that the Senate Chief Sergeant-at-Arms is classified as a peace officer for the purposes of retirement benefits.
7. Changes the asset forfeiture report publication deadline included in SB 443, Chapter 831, Statutes of 2016, for the Department of Justice from March 1st to July 1st annually.
8. Restores the OIG's authority to initiate an audit or review of policies, practices, and procedures of the Department of Corrections and Rehabilitation. Additionally, provides authority to provide contemporaneous oversight specifically to the CDCR's revised process for handling inmate complaints of prison employee misconduct. This oversight shall be provided with use of OIG's budget, excluding resources that,

beginning in the Budget Act of 2019, were provided to restore the Inspector General's ability to initiate an audit or review.

9. Updates the noise testing standards for vehicle exhaust systems, and modifies existing law to allow an individual who is arrested or cited for a violation of noise standards to fix the noise violation and provide proof of correction instead of facing other enforcement actions, unless the violation consists of modifying the exhaust system of a motorcycle.
10. Clarifies the use of the Budget Deficit Savings Account as a supplementary savings account and authorizes the Legislature to transfer some or all of the balance of the Budget Deficit Savings Account to the General Fund or any other state fund.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2019 - 2020 Regular

Bill No: AB 113 **Hearing Date:** September 10, 2019
Author: Committee on Budget
Version: September 6, 2019 As amended
Urgency: No **Fiscal:** No
Consultant: James Hacker

Subject: Housing

Summary: Provides for technical statutory changes necessary to enact the housing and homelessness-related provisions of the Budget Act of 2019, and provides intent language related to recent housing-related court decisions.

Proposed Law: This bill makes the following statutory changes:

1. States the Legislature's intent to establish a trust to manage \$331 million in state funds that are court-ordered to be directed to provide borrower relief and legal aid to homeowners and renters. Provides for the transfer of the \$331 million to the National Mortgage Special Deposit Fund.
2. Makes a variety of changes to the state's housing element law. Specifically, this bill:
 - a. Clarifies that the Attorney General may request that the court issue an order or judgment directing a local jurisdiction to bring its housing element into substantial compliance if the court finds that a local jurisdiction is not compliant with housing element law.
 - b. Clarifies that if a court finds that a local jurisdiction's housing element substantially complies with state housing element law, then the court finding has the same force and effect, for the purposes of financial assistance and various state incentives that require a compliant housing element, as a finding by HCD that the housing element substantially complies with state housing element law.
 - c. Replaces the standard that an agent of the court may "be appointed with all the powers" necessary with the standard that an agent of the court may "take all the governmental actions" necessary to bring the jurisdiction's housing element into substantial compliance. Clarifies that the appointment and actions shall not limit a court's discretion to apply any and all remedies in an action or special proceeding for a violation of housing element law.
 - d. Clarifies that HCD shall offer a jurisdiction the opportunity for two meetings in person or via telephone once the jurisdiction has been included on HCD's list of jurisdictions with non-compliant housing elements if the jurisdiction has not previously received notice of its inclusion.

- e. Increases the amount of time, from within 30 days to within 90 days, of a request for review, by which HCD shall issue written findings as to whether the housing element of a jurisdiction that was previously found to be non-compliant has been found by HCD to be in substantial compliance with state housing element law. Clarifies that a jurisdiction may not request this review, or bring an action in court related to HCD's determination, if the jurisdiction is the subject of a lawsuit for housing element compliance.
3. Adds the Council of San Benito County Governments as one of the councils of governments included in the central coast multiagency working group identified in the Local Government Planning Support Grants program.
4. Allows a council of governments or the fiscal agent of a multiagency working group to request up to 25 percent of funding available to it under the Local Government Planning Support Grants program, in advance of requesting the remainder of the funds, to perform work related to the sixth regional housing needs allocation process beginning on October 1, 2019. Includes the development of an education and outreach strategy in the work that may be supported by those funds. Requires HCD to award the funds within 30 days of receiving an application.
5. Appropriates \$100,000 to the Department of Finance to study the most effective way to establish and manage a trust for the National Mortgage Settlement funds described above.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: AB 114 **Hearing Date:** September 10, 2019
Author: Committee on Budget
Version: August 30, 2019 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Education finance: education omnibus budget trailer bill

Summary: This bill makes clarifying changes and technical corrections associated with changes to education programs adopted as part of the Budget Act of 2019.

Background: The 2019 Budget Act included various changes to education programs; AB 114 makes amendments and corrections to statutory provisions that are necessary to implement the 2019 Budget Act.

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

1. Extends the Ethnic Studies Model Curriculum deadline for submission by the Instructional Quality Commission to on or before December 31, 2020, and the deadline for adoption by the State Board of Education to on or before March 31, 2021.
2. Amends the School Employees Summer Assistance program to ensure eligible employees are able to participate, including those who worked during previous summer breaks, but not within the time period for which they applied for the program. Other technical amendments are included to clarify implementation of the program.
3. Specifies that competitive grant awardees under the Educator Workforce Investment Grant Program funds are subject to a maximum of an eight percent indirect cost rate.
4. Exempts the payments the state makes to the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of Local Educational Agencies (LEAs) from the LEAs' routine restricted maintenance account contribution calculation for 2018-19. Absent this change, many LEAs would be out of compliance with the facilities bond program.
5. Clarifies that funding for a necessary small special education local plan area shall be adjusted to reflect the 2019-20 statewide target increase for special education funding included in the 2019-20 budget act. Makes technical amendments to correctly apply a cost of living adjustment for the 2019-20 year for special education funding.

6. Specifies the data set used to calculate grants under the Special Education Early Intervention Preschool Grant and clarifies that funds received through this grant program are unrestricted in nature.
7. Clarifies that the members of the Early Childhood Policy Council shall serve at the pleasure of the appointing authority for terms not to exceed six years. In addition, specifies that the parent advisory committee and the workforce advisory committee shall each have nine members and specifies the representative members that each of the houses of the Legislature and the Governor shall appoint.
8. Increases the General Fund appropriation for the Early Learning and Care Infrastructure Grant Program by \$102.3 million and decreases the General Fund appropriation for the Early Learning and Care Workforce Grant by \$45 million. Conforming adjustments are made in budget bill clean-up to adjust federal funding for child care programs by the same amount. These combined adjustments result in a net zero impact to child care programs. The shifts reflect changes to the distribution of federal funds and General Fund in child care programs to align with allowable uses of federal funds.
9. Makes technical adjustments to the appropriations for the Career Technical Education and Veteran Resource Centers at Norco Community College.
10. Specifies that the California Student Aid Commission may use up to 1.5 percent of the \$90 million appropriated in the Budget Act for the Golden State Teacher Grant Program to conduct outreach and administer the program.
11. Amends the California Kids Investment and Developmental Savings Program to allow all children, regardless of family income, born after July 1, 2020 to be eligible for the program. The bill also authorizes the Scholarshare Investment Board access to the Department of Public Health's birth certificate information for the purposes of implementing the program.

Fiscal Effect: Appropriates an additional \$57.3 million General Fund for purposes of one-time child care investments.

Support: None on File.

Opposed: None on File.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2019 - 2020 Regular

Bill No: AB 115 **Hearing Date:** September 10, 2019
Author: Committee on Budget
Version: August 29, 2019 As amended
Urgency: No **Fiscal:** No
Consultant: Scott Ogus

Subject: Medi-Cal: managed care organization provider tax

Summary: This bill is a health trailer bill, and assesses a tax on managed care organizations necessary to implement the 2019-20 budget.

Background: Federal Medicaid regulations allow states to impose provider-related taxes on health care service providers as long as certain conditions are met. The revenue from these taxes may serve as the non-federal share of spending for health care services in a state's Medicaid program, which allows the state to draw down additional federal funding for those services. State Medicaid programs may receive federal financial participation (FFP) for expenditures using health care-related taxes, as long as the taxes are broad-based, uniformly imposed, and contain no hold-harmless provisions.

Proposed Law: This bill would assess a tax on managed care organizations operating in California to provide a stable funding source for the delivery of health care services in the Medi-Cal program. Specifically, this bill:

1. Assesses an enrollment-based tax on all full-service health plans licensed by the Department of Managed Health Care (DMHC) or contracted with the Department of Health Care Services (DHCS) to provide services to Medi-Cal beneficiaries.
2. Assesses the tax on a per enrollee basis for each month of enrollment in a plan, based on cumulative enrollment between January 1, 2018 and December 31, 2018 (the "base year").
3. Establishes tiered tax rates based on the level of plan enrollment, with one set of enrollment tiers applied to Medi-Cal enrollees and one set applied to all other enrollees. The tiers are as follows:

	Medi-Cal Tier 1	Medi-Cal Tier 2	Medi-Cal Tier 3	Other Tier 1	Other Tier 2	Other Tier 3
<i>Enrollment:</i>	<i>Less than 4,000,001</i>	<i>4,000,001-8,000,000</i>	<i>More than 8,000,000</i>	<i>Less than 4,000,001</i>	<i>4,000,001-8,000,000</i>	<i>More than 8,000,000</i>
2019-20	\$40.00	\$0.00	\$0.00	\$0.00	\$1.00	\$0.00
2020-21	\$45.00	\$0.00	\$0.00	\$0.00	\$1.00	\$0.00
2021-22	\$50.00	\$0.00	\$0.00	\$0.00	\$1.50	\$0.00
2022-23*	\$55.00	\$0.00	\$0.00	\$0.00	\$1.50	\$0.00

* For the first six months of 2022-23, the tax amount would be the total annual tax divided by two.

4. Implements the tax effective July 1, 2019, until January 1, 2023. The tax would be calculated based on the tiered tax rate structure and cumulative base year enrollment for the 2019-20, 2020-21, and 2021-22 fiscal years, and for the first six months of the 2022-23 fiscal year.
5. Creates the Health Care Services Special Fund, into which the revenues from the tax would be deposited. The fund would be continuously appropriated to the Department of Health Care Services for the purposes of funding the nonfederal share of Medi-Cal managed care rates for the delivery of health care services to beneficiaries of the Medi-Cal program.

Fiscal Effect: Once federal approval is received, implementation of the tax would result in net revenue to the Health Care Services Special Fund of \$1.7 billion in 2019-20, \$1.9 billion in 2020-21, \$2.1 billion in 2021-22, and \$1.2 billion for the first six months of 2022-23. The Health Care Services Special Fund, created by this bill, would be continuously appropriated to the Department of Health Care Services to fund the nonfederal share of Medi-Cal managed care rates for the delivery of health care services to beneficiaries of the Medi-Cal program.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: AB 116 **Hearing Date:** September 10, 2019
Author: Ting
Version: September 6, 2019 As amended
Urgency: No **Fiscal:** No
Consultant: James Hacker

Subject: Local Government

Summary: Modifies the requirement that Enhanced Infrastructure Financing Districts (EIFDs) receive voter approval prior to issuing debt.

Background: After Redevelopment Authorities (RDAs) were dissolved in 2011, local officials sought other ways to use tax increment financing to raise the capital they need to fund public works projects. In response, the Legislature enacted SB 628 (Beall), Chapter 785, Statutes of 2014, to allow local officials to create Enhanced Infrastructure Financing Districts (EIFDs), which augment the tax increment financing powers available to local government under existing infrastructure financing district statutes. City or county officials can create an EIFD to finance public capital facilities or other specified projects of communitywide significance that provide significant benefits to the district or the surrounding community. An EIFD is governed by a public financing authority with a specified membership comprising both public members and members from the legislative body of a participating taxing entity or entities.

Once approved by the initiating city or county, an EIFD receives funding from three revenue streams to fund its infrastructure financing plan. Similar to Redevelopment Agencies, EIFDs can use a portion of the property tax increment, if the local governments approve it. They may also use revenue that the infrastructure project generates, such as money generated from user fees, public-private partnerships, loans, and grants. Finally, an EIFD may receive the local share of sales and use taxes (SUT) and transactions and use taxes (TUTs). Like an RDA, an EIFD may issue bonds backed by these revenues to pay for projects. However, unlike an RDA, an EIFD requires 55 percent voter approval to do so.

Proposed Law: This bill makes the following statutory changes:

1. Authorizes Enhanced Infrastructure Financing Districts (EIFDs) to issue debt without voter approval.
2. Requires an EIFD to hold three public hearings prior to issuing debt. Requires the EIFD to hold an election for voter approval of the proposed debt issuance if between 25 percent and 50 percent of eligible landowners and residents in the EIFD protest the issuance during the hearings. Requires the EIFD to cancel the issuance of debt if the majority of eligible landowners and residents protest during the hearing process.

3. Makes a variety of technical and conforming changes related to the conduct of the elections authorized in this bill.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2019 - 2020 Regular

Bill No: AB 118 **Hearing Date:** September 10, 2019
Author: Committee on Budget
Version: September 6, 2019 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Anita Lee

Subject: State employment: State Bargaining Units 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20, and 21

Summary: Makes necessary statutory changes to ratify and implement memoranda of understanding (MOUs) between 12 bargaining units (BUs) and the state. The MOUs cover state employees represented by four exclusive employee representatives, as follows:

Service Employees International Union, Local 1000 (SEIU 1000)

- BU 1: Administrative, Financial, and Staff Services
- BU 3: Professional Educators and Librarians
- BU 4: Office and Allied
- BU 11: Engineering and Scientific Technicians
- BU 14: Printing Trades
- BU 15: Allied Services
- BU 17: Registered Nurses
- BU 20: Medical and Social Services
- BU 21: Education Consultants and Library Employees

California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE)

- BU 2: Attorneys and Hearing Officers

California Association of Highway Patrolmen (CAHP)

- BU 5: Highway Patrol

California Statewide Law Enforcement Association (CSLEA)

- BU 7: Protective Services and Public Safety

International Union of Operating Engineer (IUOE)

- BU 13: Stationary Engineers

Existing Law:

1. Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.

2. Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
3. Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
4. Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
5. Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analysis of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
6. Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more, depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 80 or 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Depending on the bargaining unit, dependents are eligible for a contribution based on 80 or 90 percent of the average additional premiums paid for dependents during the benefit year in which the formula is applied. These are referred to as the 80/80 and 100/90 formulas.
7. Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
8. Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.
9. Requires the state to pay sworn members of the California Highway Patrol who are rank-and-file members of BU 5 the estimated average total compensation for each corresponding rank for the Los Angeles Police Department, Los Angeles County Sheriff's Office, San Diego Police Department, Oakland Police Department, and the San Francisco Police Department.

Proposed Law: This bill approves MOUs between the state and the following bargaining units and would cover the corresponding full-time equivalent (FTE) positions for the duration of the agreements as cited below:

BU	Term	Full-Time Equivalent Employees (FTE)
1	January 2, 2020 through June 30, 2023	56,081
2	July 2, 2019 through July 1, 2020	4,275
3	January 2, 2020 through June 30, 2023	1,734
4	January 2, 2020 through June 30, 2023	23,258
5	July 1, 2019 through June 30, 2023	6,674
7	July 2, 2019 through July 1, 2023	7,309
11	January 2, 2020 through June 30, 2023	2,505
13	July 1, 2019 through June 30, 2022	1,025
14	January 2, 2020 through June 30, 2023	391
15	January 2, 2020 through June 30, 2023	4,776
17	January 2, 2020 through June 30, 2023	5,675
20	January 2, 2020 through June 30, 2023	5,271
21	January 2, 2020 through June 30, 2023	565
Total FTEs		119,539

Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21: This bill approves the MOUs between the state and SEIU Local 1000, as follows:

Compensation

1. SEIU Local 1000 employees shall receive the following General Salary Increases (GSI):
 - a) Effective July 1, 2020, employees shall receive a 2.5 percent GSI.
 - b) Effective July 1, 2021, employees shall receive a 2 percent GSI.
 - c) Effective July 1, 2022, employees shall receive a 2.5 percent GSI.

2. SEIU Local 1000 employees shall receive the following Special Salary Adjustments (SSA):
 - a) Effective July 1, 2020, Corporation Examiners shall receive an SSA of approximately 10.25 percent.

 - b) Effective July 1, 2020, employees in the following classifications shall receive an SSA of five percent, including:
 - i) Insurance Rate Analysts, various State Auditors, Transportation Analysts, Information Technology, Driver Safety Hearing Officers, Personnel and Payroll Specialists, Environmental Planners, Right of Way Agents, Transportation Planners, Hearing Reporters, State Historians, Financial Institutions Examiners, Librarians, various teachers, Motor Vehicle Representatives, Senior Motor Vehicle Technicians, Control Cashiers, Laboratory Assistants, Habitat

Specialists, various Engineering Associates, Graphic Designers, Digital Composition Specialists, Printing Operations Assistants and Planners, Beauty and Barbershop Managers, Bakers, Seamers, Public Health Nurses, Nurse Evaluators, Health Services Specialists, Nurse Consultants, Night Attendants, Counselors, Teaching Assistants, Transportation Programs Consultant, and Education Consultants.

3. SEIU Local 1000 employees shall receive the following compensation adjustments:
 - a) Effective July 31, 2020, the minimum hourly rate will increase from \$13 to \$15 per hour, and various classifications will receive an SSA to address salary compaction as a result of this minimum wage increase.
 - b) Effective July 1, 2020, employees working in Santa Barbara, Santa Cruz, San Luis Obispo or Orange County shall receive a new geographic pay differential of \$250 per month.
 - c) Effective the pay period following ratification, the Bilingual Pay Differential for employees will increase from \$100 per month to \$200 per month.
 - d) Effective the pay period following ratification, the Commute Program Reimbursements will increase by \$35 per month.
4. BU 1 shall receive the following compensation adjustments:
 - a) Effective September 1, 2019, the personnel and payroll specialist geographic pay differential will expand to include employees working in Alameda County.
 - b) Effective July 1, 2020, the CalPERS and CalSTRS performance and recognition pay differential will expand to include the Investment Officer II classification.
5. For BU 1 and BU 4: Effective January 1, 2020, Correctional Case Records Analysts and Technicians will be eligible to receive an annual recruitment and retention pay differential of \$2,400.
6. For BU 4: Effective the pay period following ratification, all of the call center pay differentials will increase from \$100 per month to \$150 per month.
7. For BU 17: Effective July 1, 2020, Registered Nurses working for the State Special Schools will receive a five percent recruitment and retention pay differential.

Employee Pension Contribution

8. Effective July 1, 2023, the employee contribution rates for Miscellaneous, Safety and Industrial members shall increase by 0.50 percent, as follows:
 - a) For Miscellaneous members in BUs 1, 3, 4, 11, 14, 15, 17, 20, and 21, the rate increases to 8.5 percent for members of the federal system, and 9.5 percent for members not included in the federal system.

- b) For Industrial members who are in BUs 1, 3, 4, 11, 14, 15, 17 and 20, the rate increases to 9.5 percent for members of the federal system, and 10.5 percent for members not included in the federal system.
- c) For Industrial members who are in BU 21, the rate increases to 8.5 percent for members in the federal system, and 9.5 percent for members not in the federal system.
- d) For state safety members in BUs 1, 3, 4, 11, 14, 15, 17, 20 and 21, the rate increases to 11.5 percent.

Health Benefits

- 9. The state's monthly benefit contribution for BU 3 employees shall continue to be a flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. For each employee with enrolled family members, the employer shall continue to contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums. The flat dollar amounts shall be adjusted as appropriate pursuant to the formulas on January 1, 2021, January 1, 2022, and January 1, 2023.
- 10. Effective July 1, 2020, SEIU Local 1000 employees enrolled in a CalPERS health plan will receive a monthly payment of \$260 per month for 36 months.

Miscellaneous Adjustments

- 11. Establishes a Joint Task Force to make recommendations regarding civil service classifications that may be affected by new and emerging technologies and possible training/education or apprenticeship programs to ensure a viable workforce for the future.
- 12. For BU 3, makes the following miscellaneous adjustments:
 - a) Clarifies that retirement options are consistent with existing law and that new eligible employees to choose either CalPERS or CalSTRS retirement.
 - b) Recognizes academic credits earned through California Commission on Teacher Credentialing to be considered for salary advancement. Strengthens the need for continuing education and trade experience in more than a singular academia.
- 13. For BU 15: Provides protection to employees by not imposing mandated overtime on their pre-approved time off and limiting the number of continuous hours of work to 16 hours in a 24-hour period.
- 14. For BU 17 and BU 20: Reduces mandated overtime starting on January 1, 2020, and makes further reductions by July 1, 2022.
- 15. For BU 20: Extends continuing education leave for the Medical Assistant classification, consistent with their license/certification requirements.

Bargaining Unit 2: This bill approves the MOU between the state and BU 2, as follows:

Compensation

16. Effective July 1, 2019, all CASE represented classifications shall receive a 2.75 percent GSI.
17. Effective upon ratification of both parties, and depending on the availability of departmental funds, the amount of leave that can be cashed out each year shall increase from 80 hours to 160 hours.

Employee Pension Contribution

18. Effective July 1, 2020, the employee contribution rates for Safety A, Safety B, and PEPR State Safety retirement formulas shall increase from 11 percent to 11.5 percent.

Health Benefits

19. The state's monthly consolidated benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. For each employee with enrolled family members, the employer shall continue to contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums. The flat dollar amounts shall be adjusted as appropriate pursuant to the formulas on January 1, 2020.
20. Effective July 1, 2019, all CASE employees enrolled in a CalPERS health plan will receive a monthly payment of \$260.

Bargaining Unit 5: This bill approves the MOU between the state and BU 5, as follows:

Compensation

21. Effective July 1, 2019, the GSI required by Government Code section 19827 will not exceed three percent. Any amount in excess of three percent will be temporarily redirected as an employer contribution toward retirement. The amount that is temporarily redirected to retirement will be redirected back as a salary increase upon expiration of this contract.

Employee Pension Contribution

22. Effective July 1, 2020, the employee contribution for Patrol and Miscellaneous members shall remain in effect up until the time that CalPERS has determined that: (a) the total normal cost rate for the 2016-17 fiscal year has increased or decreased by one percent, and (b) 50 percent of that normal cost rate, rounded to the nearest quarter of one percent, is greater or less than the current employee contribution rate.

On July 1 of the fiscal year after CalPERS determines that (a) and (b) above have been met, the employee contribution rate for Patrol and Miscellaneous members shall be adjusted to 50 percent of the normal cost rate rounded to the nearest quarter of one percent.

Each year thereafter, the contribution rate shall only be adjusted if CalPERS determines that the total normal cost rate increases or decreases by more than one percent of payroll above the total normal cost rate in effect at the time the employee contribution rate was last adjusted.

The increase or decrease to the employee contribution in any given fiscal year shall not exceed one percent per year.

Supplemental Pension Payment

23. Beginning in 2019-20, and for each year of the contract through June 30, 2023, the state will contribute \$25 million from the Motor Vehicle Account (MVA), for a total of \$100 million from the MVA, to make a supplemental pension payment to the Patrol Member Retirement plan.

24. In 2020-21, the state will redirect \$243 million General Fund of the \$265 million General Fund from SB 90 (Committee on Budget and Fiscal Review), Chapter 33, Statutes of 2019, to make a supplemental pension payment to the Patrol Member Retirement plan.

From 2018-19 through 2022-23, SB 90 will appropriate \$3 billion General Fund supplemental pension payments to the CalPERS state plans, based on their General Fund contribution to CalPERS.

Prefunding and Vesting in Other Post-Employment Benefits (OPEB)

25. Beginning July 1, 2020, the employer and employee OPEB prefunding contribution will decrease by 0.5 percent to 3.4 percent and zero, respectively. In lieu of a statutory pay increase, the MOU also redirects 3.4 percent of pensionable compensation to prefund retiree health benefits.

26. After July 1, 2020, with the goal of reaching a 50 percent cost sharing of actuarially determined total normal costs, the employee and employer contribution percentages shall be adjusted based on actuarially determined total normal costs.

If the actuarially determined total normal costs increase or decrease by more than half a percent from the total normal cost contribution percentages in effect at the time, the adjustment will commence no sooner than July 1, 2021. On July 1 each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50 percent cost sharing of actuarially determined total normal costs.

The increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

27. The statutory salary increases redirected to prefund OPEB paid for by the employer shall count towards the employee contribution percentage when determining the 50 percent cost sharing of actuarially determined total normal costs.
28. Employees first employed by the state on or after January 1, 2020, will be subject to an extended post-employment health and dental benefits vesting schedule providing 50 percent of the employer contribution upon completion of 15 years of state service, increasing five percent for each additional year of service, until the employee is 100 percent vested at 25 years of state service.
29. Employees first hired on or after January 1, 2020, will receive an employer contribution for retiree health benefits based on an "80/80" formula. Retirees and their dependents enrolled in a basic health benefit plan will receive an employer contribution equal to 80 percent of the weighted average premium of the four largest basic health benefit plans based on state active employee enrollment. Retirees and their dependents enrolled in a Medicare health benefit plan will receive an employer contribution equal to 80 percent of the weighted average premium of the four largest Medicare health benefit plans based on state retiree enrollment.
30. Employees first hired on or after January 1, 2020, will no longer be eligible to use the employer contribution for a retiree health benefit plan for Medicare Part B premiums.

Health Benefits

31. Employees may elect to participate in the Premier Vision Plan during the open enrollment period at employee cost.

Miscellaneous Adjustments

32. Allows the state to meet with California Association of Highway Patrolmen (CAHP) to reopen the MOU if projected state revenues are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the costs of providing compensation pursuant to Government Code section 19827. This is effective on July 1, 2021 and July 1, 2022.
33. Removes the Minor Discipline Section from the contract to comply with the standard practice of moving all discipline through the State Personnel Board.
34. Amends the Training Academy to provide 145 training days from approximately 27 weeks to reflect actual training requirements and provide flexibility to California Highway Patrol (HP) when scheduling the academy date.
35. Specifies that during the interim period between graduation and being placed on a first assignment, recently graduated cadets shall mandatorily use a minimum of 40 hours, and may use a maximum of up to 80, of Compensating Time Off (CTO) to assist with reducing accrued CTO hours.
36. Establishes a provision to permit CHP to develop and implement, with the concurrence of CAHP, alternate work schedules not expressly provided for elsewhere in the contract.

37. Effective the pay period following ratification, increases the lodging reimbursement rate from \$125 to \$140 for Alameda, San Mateo, and Santa Clara counties; and from \$150 to \$250 for San Francisco.
38. Eliminates the employee Physical Performance Program and Wellness Program from the contract and will relies on existing CHP policy.
39. Effective May 1, 2020, depending upon the availability of departmental funds, employees may be eligible to cash out up to 80 hours of leave credits.
40. Provides furlough and mandatory personal leave program protection for the first two years of the contract, July 1, 2019, through June 30, 2021.

Bargaining Unit 7: This bill approves the MOU between the state and BU 7, as follows:

Compensation

41. BU 7 employees shall receive the following GSI:

- a) Effective July 1, 2019, BU 7 shall receive a 2.75 percent GSI.
- b) Effective July 1, 2020, BU 7 shall receive a 2.50 percent GSI.
- c) Effective July 1, 2021, BU 7 shall receive a 2.50 percent GSI.
- d) Effective July 1, 2022, BU 7 represented classification designated Peace Officer/Firefighters (PO/FF) shall receive a 3.75 percent GSI.
- e) Effective July 1, 2022, BU 7 represented classifications designated Safety or Miscellaneous/Industrial shall receive a 2.25 percent GSI.

42. BU 7 shall receive the following SSAs:

- a) Effective July 1, 2019, BU 7 represented employees from various classifications shall receive a SSA ranging from 1.45 percent to 24 percent, depending on the classification.
- b) Effective July 1, 2020, Criminalists and Senior Criminalists shall receive a five percent SSA.

43. Expands the Public Safety Dispatcher-In-Charge pay differential to all CHP centers, and adds communication operators working at the Department of State Hospitals and the Department of Parks and Recreation. The agreement also increases the differential from \$6.50 per shift to a one-step differential.

44. Increases the Fire Fighter Lead Person Assignment pay differential from \$1.00 to \$2.50 per hour.

45. Increases the Canine Care pay differential from \$189 to \$357 per month.

46. Establishes a five percent Canine Care pay differential for peace officers at the Department of Developmental Services.

47. Increases the Night Shift Pay Differential from \$0.50 to \$1.00 per hour.
48. Adds the CHP Communication Centers in Orange County, Ukiah, Humboldt, Chico, Ventura, San Luis Obispo, and Indio to the existing \$300 per month recruitment and retention pay differential.
49. Adds specified classifications at the Department of Motor Vehicles (DMV), Department of Consumer Affairs (DCA), Department of Developmental Services, and Department of State Hospitals to the existing one-step Field Training officer pay differential.
50. Establishes a new 2.5 percent or one-step training officer pay differential for criminalists or senior criminalists serving in a training capacity.
51. Increases the Training Officer pay differential for the Motor Carrier Specialist I, CHP, from \$6.50 per shift to a one-step differential per hour when serving in a training officer capacity.
52. Changes the hiring process for Seasonal Lifeguards so that they will be hired prior to orientation and Initial Entry Training, which allows them to earn service credit and be compensated for each hour worked during the 96 hours of orientation and Initial Entry Training.
53. Eliminates the \$175 per period recruitment and retention pay differential for peace officers at the Department of Parks and Recreation and the Department of Fish and Wildlife.
54. Eliminates the 7.44 percent Investigator Pay Differential for Investigators at the Department of Insurance and the DCA.

Employee Pension Contributions

55. Adjusts the employee contribution rates for PO/FF A, PO/FF B, and Public Employees' Pension Reform Act (PEPRA) PO/FF retirement formulas, as follows:
 - a) Effective July 1, 2022, increases from 13 percent to 14 percent.
 - b) Effective July 1, 2023, increases from 14 percent to 15 percent.
56. Effective July 1, 2023, adjusts the employee contribution rates as follows:
 - a) Increases Safety A, Safety B, and PEPRA State Safety retirement from 11 percent to 11.5 percent.
 - b) Increases Miscellaneous/Industrial First Tier A, First Tier B, and PEPRA First Tier retirement formulas from 8 percent to 8.5 percent.

Health Benefits for Active Employees

57. Continues the state's monthly health benefit contribution for each employee at flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. The flat dollar amounts shall be adjusted as appropriate pursuant to the formula for January 1, 2020, January 1, 2021, January 1, 2022, and January 1, 2023.

Miscellaneous Adjustments

58. Allows the state to reopen the MOU if projected state revenues at the 2021-22 May Revision or at the 2022-23 May Revision to the Governor's Budget are insufficient to fully fund existing statutory and constitutional obligations, existing fiscal policy, and the cost of providing pay increases to all eligible employees.

59. Adds Licensing Registration Examiners, DMV, to the mandatory overtime provision that allows approved leave (except sick leave, annual leave used as sick leave, or any other leave used for sick leave purposes) to be considered hours worked for purposes of calculating overtime.

60. Eliminates Furlough Protection.

61. Requires the state to donate 4,000 hours to the California State Law Enforcement Association's Union Release Time Bank.

Bargaining Unit 13: This bill approves the MOU between the state and BU 13, as follows:

Compensation

62. Increases the maximum salary ranges for BU 13 classifications, as follows:

- a) Effective July 1, 2019, the maximum salary ranges will be increased by 2.75 percent.
- b) Effective July 1, 2020, the maximum salary ranges will be increased by three percent.
- c) Effective July 1, 2021, the maximum salary ranges will be increased by 2.75 percent.

63. Increases the Night Shift Differential from \$1 to \$2 per hour; and Evening Shift Differential from \$0.90 to \$1 per hour.

64. Extends the Apprenticeship Training Fund to a general training fund to include all training courses offered through International Union of Operating Engineers (IUOE).

65. Provides all BU 13 employees boot reimbursement of \$82 each year or \$164 every two years, for purchasing work boots.

66. Increases the annual Recruitment and Retention Differential from \$2,400 to \$2,600; and adds Pelican Bay, High Desert, and California Conservation Center state prisons.
67. Amends the current Wastewater and/or Water Treatment Plant (Chief Plant Operator) to receive this differential in addition to the Chief Plant Operator differential.
68. Expands the current Department of General Services San Francisco Facilities pay differential to include all departments that have employees headquartered in the Greater Bay Area (Alameda, Contra Costa, Marin, Monterey, Napa, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma counties); and changes the annual stipend of \$2,400 per year to five percent per month.
69. Provides a \$100 per month Environmental Protection Agency Section 608 Technician Certification pay differential to employees required to maintain the certification.
70. Provides a \$200 per month pay differential to Caltrans Tunnels and Tubes Operators required to maintain a Class A or B commercial driver's license.
71. Provides a Plant Experience Recruitment and Retention Differential to employees with continuous plant experience as follows:
 - a) 7 years continuous plant experience provides five percent;
 - b) 10 years continuous plant experience provides seven percent; and
 - c) 13 years continuous plant experience provides nine percent.

Employee Pension Contribution

72. Effective after June 30, 2022, increases the employee contribution rates for State Safety retirement formulas from 11 percent to 11.5 percent of monthly compensation over \$317.

Employer Contribution for Active State Employees

73. Continues the state's monthly benefit contribution for each employee at flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. For each employee with enrolled family members, the employer shall continue to contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums. The flat dollar amounts shall be adjusted as appropriate pursuant to the formulas on January 1, 2020, January 1, 2021, and January 1, 2022.

Miscellaneous Adjustments

74. As a part of the annual leave cash out program, allows employees to defer leave accruals into 401k or 457 plans.

75. Incorporates the Wounded Warriors Transitional Leave Act, which provides up to 96 hours of additional sick leave for an employee hired on or after January 1, 2016, who is a military veteran with a service-connected disability rated 30 percent.

76. Eliminates Furlough Protection.

Fiscal Effect:

- Fiscal Year 2019-20 for BUs 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20 and 21 and their related excluded employees: \$142.9 million (\$50 million General Fund).
- Total Four-Year Budgetary Cost (FY 2020-21 thru FY 2023-24) for BUs 1, 2, 3, 4, 5, 7, 11, 13, 14, 15, 17, 20 and 21 and related excluded employees for BU 7: \$4.9 billion (\$1.8 billion General Fund).
- From 2019-20 through June 30, 2023, transfers \$100 million from the MVA to make a supplemental payment to the Public Employees' Retirement Fund (PERF).
- For 2020-21, transfers \$243 million General Fund from SB 90 to make a supplemental pension payment to the state patrol member category of the PERF.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair

2019 - 2020 Regular

Bill No: AB 121 **Hearing Date:** September 10, 2019
Author: Committee on Budget
Version: September 3, 2019 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Renita Polk

Subject: Social Services

Summary: This bill makes technical, clarifying changes to health and human services programs consistent with the Budget Act of 2019.

Proposed Law: The bill makes technical and clarifying statutory revisions affecting health and human services programs that are necessary to implement the Budget Act of 2019. Specifically, this bill does the following:

1. **12-month Continuous Eligibility for CalWORKs Stage One Childcare.** Codifies findings and declarations relating to CalWORKs Stage One Childcare. Requires notices to inform applicants and recipients of the name and contact information for local childcare resource and referral programs, and that those notices be provided at specified occasions. Also requires counties and other stakeholders to work with the Department of Social Services to modify applicable CalWORKs notices about childcare to include specified information. Also requires notices to be in compliance with the Dymally-Alatorre Bilingual Services Act.
2. **Overpayments and CalWORKs.** Requires counties to carry out specified provisions relating to overpayments only when the Statewide Automated Welfare System has the capability to automate those provisions.
3. Makes various other minor technical and clarifying amendments.

Fiscal Effect: This bill reappropriates the balance of a 2017 appropriation to the Department of Social Services for the Housing and Disability Advocacy program. Funds would be available until June 30, 2021.

Support: None on file.

Opposed: None on file.

-- END --