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# Agenda

**Wednesday, August 10, 2016**

1:30PM - State Capitol, Room 437

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- 1) Introduction
- 2) SB 853      Budget Bill Amendments
- 3) SB 854      Education
- 4) SB 855      Health and Human Services
- 5) SB 856      Public Safety and General Government
- 6) SB 857      Memorandum of Understanding
- 7) SB 858      Homeless Bond
- 8) SB 859      Local Public Safety
- 9) Adjournment

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 853 (Committee on Budget and Fiscal Review) – As Amended August 5, 2016

**SENATE VOTE:** 25-11

**SUBJECT:** Budget Act of 2016

**SUMMARY:** Amends and makes technical and substantive provisional language changes to the Budget Act of 2016 (SB 826, Chapter 23, Statutes of 2016). Specifically, **this bill:**

1. Clarifies that the requirement for the University of California Board of Regents to develop a nonresident student enrollment policy is intended for undergraduate students.
2. Corrects a technical error in the community college budget that references the incorrect year regarding one suspended mandate. The year will be changed from 1985 to 1995.
3. Deletes the outdated maximum standard reimbursement rate for part-day state preschool programs and corrects the implementation date for the additional full-day state preschool slots provided in the 2016 Budget Act from March to April, which was the agreed upon timeframe.
4. Updates references to pending legislation with references to the enacted education trailer bill and makes other technical changes.
5. Includes provisional language indicating a \$3 million expenditure related to atmospheric rivers that was inadvertently omitted from the budget bill.
6. Corrects provisional language related to the Department of Water Resources to conform with language adopted previously.
7. Increases expenditure authority to allow the Energy Commission to spend remaining federal funds of \$5.3 million in 2016-17.
8. Includes budget control section language that was inadvertently omitted from the budget bill related to the California Automated Travel Expense Reimbursement System (CalATERS). Specifically, this language allows the Department of Finance to adjust amounts in any appropriation item to reimburse the Controller for the costs to use CalATERS.
9. Clarifies the Legislatures intent to ensure in-person interpreters are provided during court proceedings, unless no reasonable options exist.
10. Provides the appropriate level of resources to ensure the California Highway Patrol's Ventura Area Office Replacement project is able to proceed as proposed, increasing expenditure authority by \$1,650,000 pursuant to recent cost determinations by the Department of General Services.

11. Repeals a \$705,000 appropriation from the Department of Rehabilitation for independent living centers (ILCs), which is proposed to be included in a separate budget trailer bill.
12. Includes provisional language to authorize the transfer of funds for activities related to implementation of the Resource Family Approval Program from the counties to the Department of Social Services (DSS), for the state to perform these activities on behalf of counties in certain circumstances. Specifies that funds shall only be transferred after consultation with the County Welfare Directors Association of California and with written notification.
13. Authorizes DSS to reimburse foster family agencies, counties, group homes, and short-term residential treatment centers for accreditation fees after August 1, 2016, notwithstanding existing law that specified the later date of January 1, 2017 for this purpose.
14. Includes \$226,000 General Fund to provide one-time reimbursements to tribal agencies that do not have federal Title IV-E agreements with the state for the purchase of electronic fingerprinting equipment.
15. Repeals the control section that referenced the Architectural Revolving Fund, as this fund's deficit has been largely eliminated and therefore the assessment is no longer needed.
16. Makes other various technical changes to reflect the correct amount of funding in the Department of Finance's system and to accurately reflect the distribution of resources across spending categories.

**FISCAL EFFECT:** Reflects \$1.65 million in additional special fund costs not assumed in the 2016 Budget package.

**COMMENT:** This bill amends the 2016 budget act (SB 826, Chapter 23, Statutes of 2016) to reflect technical, conforming, and other changes necessary to correctly impact the 2016 Budget Agreement.

**REGISTERED SUPPORT / OPPOSITION:**

None on file.

**Analysis Prepared by:** Nicole Vazquez / BUDGET / (916) 319-2099

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 854 (Committee on Budget and Fiscal Review) – As Amended August 9, 2016

**SENATE VOTE:** 25-11

**SUBJECT:** Budget Act of 2016

**SUMMARY:** This bill makes changes to the 2016-17 budget trailer bills related to K-12 and higher education. Specifically, **this bill:**

- 1) Allows the California Department of Education (CDE) to use up to \$300,000 of the \$18 million in Proposition 98 General Fund provided in the 2016-17 budget to contract with a local educational agency to provide regional trainings and technical assistance for grant recipients of Proposition 47 related dropout and truancy prevention programs. This bill also requires the CDE to submit an expenditure plan for these funds to the Joint Legislative Budget Committee.

The 2016-17 education trailer bill, SB 828 (Chapter 29, Statutes of 2016), provided \$18 million in one-time Proposition 98 General Fund for dropout and truancy related programs, in addition to the \$9.9 million provided for this purpose through Proposition 47 related savings. Proposition 47 allows the CDE to use up to five percent of the education related Proposition 47 funds to administer the program and provide technical assistance. However, no funds were provided for technical assistance for the additional \$18 million.

- 2) Requires the California Collaborative for Educational Excellence (CCEE) to receive Department of Finance approval prior to expending funds provided in the 2016-17 budget. SB 828 (Chapter 29, Statutes of 2016) provided \$24 million in one-time Proposition 98 funding for the CCEE to implement statewide professional development and training on the Local Control Funding Formula (LCFF) evaluation rubrics and to conduct a pilot program for assisting schools in improving student outcomes. Specifically, \$20 million is dedicated for statewide training and \$4 million for a pilot program.
- 3) Requires applicants of the California Classified School Employee Teacher Credentialing Program to include a plan for recruiting bilingual cross-cultural teachers, in addition to teachers in shortage areas, in their application. This was a requirement of the previous California School Paraprofessional Teacher Training Program.
- 4) Extends the sunset date and Legislative Analyst's Office reporting date by one year on a program that allows the University of California and the California Community Colleges to use the best value procurement method when purchasing goods and materials. An LAO report analyzing the effectiveness of these programs will be due on Feb. 1, 2018, instead of 2017, and the program will sunset on Jan. 1, 2019, instead of 2018. This change is proposed to allow the LAO to address a requirement in the 2016 Budget Act requiring an extensive review of state financial aid programs this fall, before working on the review of the best value program.

- 5) Deletes redundant language included in AB 1602 (the Higher Education Trailer Bill as part of the 2016 Budget Act) regarding reporting requirements for funding distributed to the California State Library. This is a technical change.
- 6) Clarifies that the process for awarding funds for Precision Medicine grants is not subject to the provisions of the Government Code Section 11340.

**REGISTERED SUPPORT / OPPOSITION:**

None on file.

**Analysis Prepared by:** Mark Martin / BUDGET / (916) 319-2099, Katie Hardeman / BUDGET / (916) 319-2099

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 855 (Committee on Budget and Fiscal Review) – As Amended August 8, 2016

**SENATE VOTE:** 25-11

**SUBJECT:** Budget Act of 2016

**SUMMARY:** Makes substantive and technical statutory changes impacting and corresponding to the Health and Human Services portions of the Budget Act of 2016 (SB 826, Chapter 23, Statutes of 2016). Specifically, this bill makes the following changes:

Managed Care Organizations Tax

1. Makes technical, clarifying corrections to the statute implementing the Managed Care Organization (MCO) tax, adopted through SB X2 2 (Chapter 2, Hernández, Statutes of 2016, Second Extraordinary Session) to clarify that insurers whose gross premiums tax rate has been reduced to \$0 during the operation of the MCO tax shall not be required to make pre-payments to the state since their tax liability will be \$0.
2. Provides that for health insurers subject to the 0% gross premiums tax rate prepayments are not required between July 1, 2016, and on or before June 30, 2019, and would additionally provide that for prepayments due on or after June 30, 2019, the amount due is 25% of the amount of what the annual insurance tax liability reported on the return of the health insurer for the preceding calendar year would have been if the provision reducing the gross premiums tax rate to 0% described above had never been operative.

Child Abuse Prevention and Treatment Act (CAPTA) Compliance: Child Fatalities

3. Adds the following to the documents to be released by the custodian of records upon request, subject to redactions set forth in existing law: a description of child protective or other services provided and actions taken by the county child welfare services agency regarding any services and actions not otherwise disclosed within other documents required to be released. Provides an additional ten business days for this information to be released.
4. Requires that no information that reveals the identity of a person or persons who provided information related to suspected abuse, neglect, or maltreatment of a child be disclosed.
5. Provides that juvenile case file records that are not subject to disclosure pursuant to this section shall only be disclosed upon an order by the juvenile court pursuant to Welfare and Institutions Code Section 827.
6. Authorizes the Department of Social Services (DSS) to implement these changes through all-county letters or similar instructions following consultation with stakeholders, which will commence no later than October 1, 2016, and shall include, but not be limited to,

child welfare advocates, labor organizations, representatives of counties, and legislative staff.

7. Requires rulemaking to implement these changes pursuant to the Administrative Procedure Act to commence no later than January 1, 2018.

#### CAPTA Compliance: Near Child Fatalities

8. Defines “near fatality” as the identical meaning in federal law.
9. Establishes that abuse or neglect is determined to have resulted in a child’s near fatality if one of the following conditions is met:
  - a) A law enforcement investigation concludes that child abuse or neglect occurred.
  - b) A county child welfare services agency determines that the child abuse or neglect was substantiated.
10. Establishes that abuse or neglect does not include near fatalities caused by an alleged perpetrator who was unknown to the child or family prior to the abuse that caused the near fatality, or a minor, unless acting in the role of caretaker, who is alleged to have caused the near fatality.
11. Requires that within 10 business days of learning that a child near fatality that has been determined to have been caused by abuse or neglect has occurred in the county, the custodian of records for the county child welfare agency, upon request, shall release all of the following information:
  - a) The age and gender of the child.
  - b) The date of the near fatality.
  - c) Whether the child resided in foster care or in the home of his or her parent or guardian at the time of the near fatality.
  - d) Whether an investigation is being conducted by a law enforcement agency or the county child welfare agency.
12. Requires that findings or information disclosed regarding the child near fatality, upon request, must consist of a written report that includes all of the following information:
  - a) A child’s age and gender;
  - b) The date the abuse or neglect occurred that resulted in the near fatality, and the date that a licensed physician determined the child victim to be in serious or critical medical condition, if known;
  - c) Whether the child resided in foster care or in the home of his or her parent or guardian at the time of the near fatality.
  - d) The cause and circumstances of the near fatality.
  - e) A description of reports received, child protective or other services provided, and actions taken by the county child welfare services agency regarding (i) suspected or substantiated abuse or neglect of the child near fatality victim and (ii) suspected or substantiated abuse or neglect of other children pertinent to the abuse or neglect of the near fatality victim.
  - f) A written narrative that includes the dates of reports, investigations, services rendered, actions taken, investigative disposition for each report, and any comments

provided by the involved social worker or workers regarding the investigations, services provided, and actions taken.

13. Requires that when the written narrative as described above is requested, the county shall submit a copy of the description and written narrative to DSS within 20 calendar days of the request or the disposition of the investigation, whichever is later, and within 10 days of receipt, the DSS shall review the documents submitted by the county against the case file and notify the county of any discrepancies or other concerns prior to the county's release of the information.
14. For cases in which the child's near fatality occurred while living with a parent or guardian, requires a county welfare department or agency to disclose the following to the public, upon request:
  - a) All previous referrals of abuse or neglect of the child suffering the near fatality while living with that parent or guardian.
  - b) The emergency response referral information form and emergency response notice of referral disposition form completed by the county child welfare agency relating to the abuse or neglect that caused the near fatality of the child.
  - c) Any cross reports completed by the county child welfare services agency to law enforcement relating to the child suffering the near fatality.
  - d) All risk and safety assessments completed by the county child welfare services agency relating to the child suffering the near fatality.
  - e) Copies of police reports about the person against whom the child abuse or neglect was substantiated.
15. For cases in which the child's near fatality occurred while the child was in foster care, requires a county welfare department or agency to disclose the following documents, in addition to those specified above, generated while the child was living in the foster care placement that was the placement at the time of the child's near fatality:
  - a) Records pertaining to the foster parents' initial licensing and renewals and type of license or licenses held if in the case file.
  - b) All reported licensing violations, including notices of action, if in the case file.
  - c) Records of the training completed by the foster parents if in the case file.
16. Requires a county welfare department or agency to release all required findings and information to the public, if disclosure is requested, within 30 calendar days of either the request or the disposition of the investigation, whichever is later.
17. Prohibits the following information and records from being disclosed:
  - a) Names, addresses, telephone numbers, ethnicity, religion, or any other identifying information of any person or institution, other than the county or DSS.
  - b) Any information that would jeopardize a criminal investigation or proceeding.
  - c) Any information that is privileged, confidential, or not subject to disclosure pursuant to any other state or federal law.
  - d) All health records related to the child or the child's family.
  - e) Any information not relevant to the near fatality, including, but not limited to, any information regarding any adult whose activities are not relevant to the near fatality.

18. Requires the county welfare department or agency to notify and provide a copy of the request to counsel for any child who is connected to the juvenile case file, and that if counsel for a child objects to the release of any part of the information, they may petition the court to prevent the release of any document or part of a document requested.
19. Provides that juvenile case file records that are not subject to disclosure pursuant to this section shall only be disclosed upon an order by the juvenile court pursuant to Welfare and Institutions Code Section 827.
20. Authorizes DSS or a county welfare department to comment on the case once documents have been released. If a county welfare department or agency comments on the case, the social worker on the case may also comment publicly about the case within the scope of the release.
21. Requires each child welfare services agency to notify DSS of every child near fatality that occurred within its jurisdiction that was the result of child abuse or neglect. Based on these notices and any other relevant information in the possession of DSS, the department shall annually issue a report identifying the child near fatalities and any systemic issues or patterns revealed by the notices and other relevant information.
22. Establishes that this law shall only apply to near fatalities that occur on, or after, January 1, 2017.
23. Clarifies that nothing in this section of law requires a county welfare department or agency to obtain documents not in the case file.
24. Requires that no information that reveals the identity of a person or persons who provided information related to suspected abuse, neglect, or maltreatment of a child be disclosed.
25. Authorizes the Department of Social Services (DSS) to implement these changes through all-county letters or similar instructions following consultation with stakeholders, which will commence no later than October 1, 2016, and shall include, but not be limited to, child welfare advocates, labor organizations, representatives of counties, and legislative staff.
26. Requires rulemaking to implement these changes pursuant to the Administrative Procedure Act to commence no later than January 1, 2018.

#### Approved Relative Caregiver

27. Makes a technical change to change "calendar" year to "fiscal" year to indicate the basis for which counties participating in the Approved Relative Caregiver Funding Option Program (ARC), administered by DSS, may request reimbursement for funding appropriated by the state for ARC if the entire amount of funding has not been fully allocated to or utilized by participating counties.

CalWORKs Expanded Subsidized Employment

28. Deletes an obsolete reporting provision for the CalWORKs Expanded Subsidized Employment program that was due on April 1, 2015 and that was fulfilled by DSS.

Independent Living Centers Appropriation

29. Appropriates \$705,000 from the General Fund to the Department of Rehabilitation for the three independent living centers that have been both established and maintained using federal funding, to the exclusion of subsequent state funds, as their primary base grant.

Additional Provisions

30. Subjects any overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by the 2011 Realignment Legislation to Section 36 of Article XIII of the California Constitution and to determinations by the Commission on State Mandates.
31. States that this action is a bill providing for an appropriation related to the Budget Bill and has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

**EXISTING LAW:**

**FISCAL EFFECT:** Specific changes to appropriations detailed above.

**COMMENTS:** The federal Child Abuse Prevention and Treatment Act (CAPTA) and its implementing regulations establish requirements regarding the disclosure of findings and information in child near fatality incidents resulting from abuse and neglect. The Administration has stated that achieving compliance with CAPTA is necessary in order for California to continue receiving \$4.8 million annually in federal child abuse prevention funding. In the 2016 May Revision, the Administration released proposed trailer bill language that was subsequently held open to allow for more time to consider a potential compromise.

At the end of 2015, the ACYF required California to prepare a Program Improvement Plan describing how the State will comply with CAPTA Section 106(b)(4), as a condition of retaining its \$3 million CAPTA grant and its \$1.8 million Children's Justice Act grant administered by the California Office of Emergency Services. DSS asserts that achieving compliance is necessary to continue receipt of the federal grants identified.

California has been out of compliance with the CAPTA requirements of CAPTA concerning the disclosure of findings and information in child near fatality cases since 2012, when federal guidance was issued, because California has no existing laws governing the disclosure of information following near-fatal incidents for children. The federal Administration for Children, Youth, and Families (ACYF) has indicated that statutory compliance prior to October 1, 2016 is necessary to not jeopardize this funding.

Over \$500,000 in combined state and federal funding for purposes of compliance was proposed and approved in the 2016 Budget Act, displayed as the “Reports of Child Near Fatalities” premise in the CDSS Local Assistance Budget. The budgeted amounts reflect generally the costs associated with compiling and publishing reports, and disclosing information on all near fatalities caused by suspected child abuse or neglect, but have not yet been fully reconciled

**REGISTERED SUPPORT / OPPOSITION:**

None on file.

**Analysis Prepared by:** Nicole Vazquez / BUDGET / (916) 319-2099

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 856 (Committee on Budget and Fiscal Review) – As Amended August 8, 2016

**SENATE VOTE:** 25-11

**SUBJECT:** Budget Act of 2016

**SUMMARY:** Makes technical changes related to public safety and general government necessary to implement the 2016 Budget Act.

Specifically, **this bill:**

1. Expands the definition of a “human trafficking caseworker” to include an individual who is employed by a homeless service provider that services homeless children or youth, and has completed a minimum of eight hours of training focused on victims of human trafficking.
2. Makes technical, conforming changes to reflect the shift of government claims programs from the Victims Compensation Board to the Department of General Services.

**FISCAL EFFECT:** Contains a \$3 million Special Fund appropriation related to the investigation of card rooms by the Department of Justice. This appropriation was approved as part of the 2016 Budget Package agreement.

**COMMENT:** This bill makes technical changes related to the 2016 Budget package.

**Analysis Prepared by:** Marvin Deon / BUDGET / (916) 319-2099

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 857 (Committee on Budget and Fiscal Review) – As Amended August 8, 2016

**SENATE VOTE:** 25-11

**SUBJECT:** Budget Act of 2016

**SUMMARY:** Makes necessary statutory and technical changes to implement the Budget Act of 2016 related to Civil Service improvement provisions. Specifically, **this bill:**

- 1) Provides legislative ratification of the memoranda of understanding (MOU) agreed to by the state and bargaining unit (BU) 7, Protective Services and Public Safety, represented exclusively by California Statewide Law Enforcement Association (CSLEA).

**EXISTING LAW:**

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

- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan. Since these plans may be cheaper than non-Medicare (or "Basic" plans), thus resulting in some portion of the employer contribution going unused, current law requires that any unused portion of the 100/90 formula contributions may be applied to reimburse retirees for the costs of Medicare Part B premiums. These reimbursements are made in the form of an additional payment to the retiree on the retirement warrant up to the cost of the Part B premium. Whether or not a retiree receives the Medicare Part B reimbursement in full or in part depends upon the cost of that retiree's health plan.
- 8) Provides that most state employees (those hired after 1985 or 1989, depending on class) must work for 10 years to receive 50% of the 100/90 formula, with an additional 5% per year of service until, after 20 years, they are vested to receive 100% of the 100/90 formula. Individuals hired prior to 1985 or 1989 could be subject to either 5 year or 10 year vesting for full coverage of the 100/90 formula.
- 9) Provides that retirees who were covered in certain bargaining units while actively employed will receive an employer retiree health contribution based on the 80/80 formula (i.e., 80% of the weighted average premium of the four health plans most highly utilized by all members).
- 10) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

**FISCAL EFFECT:** Appropriates \$38.6 million for State BU 7 for expenditure in 2016-17, in augmentation of the funds appropriated under the Employee Compensation items of the 2016 Budget Act.

**COMMENTS:** The following information summarizing the general provisions of the MOU was provided by CalHR:

Number of Employees: The BU 7 agreement affects approximately 7,204 full-time equivalents.

### **HEALTH BENEFITS**

#### 1) Employer Contribution for Active State Employees

- a) The state's monthly health consolidated benefit contribution for each employee shall continue to be a flat dollar amount equal to 80% 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% of the weighted average of the additional premiums. The flat dollar amounts shall be increased as appropriate pursuant to the formulas on January 1, 2017, January 1, 2018, and January 1, 2019.

- 2) Employer Contribution for Future Retirees
  - a) Employees first hired on or after January 1, 2017, 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% 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% of the weighted average premium of the four largest Medicare health benefit plans based on state retiree enrollment.
- 3) Prefunding of Other Post-Employment Benefits
  - a) The state and BU 7 members will prefund retiree healthcare with the goal of reaching 50% cost sharing of actuarially determined total normal cost for employer and employees by July 1, 2019. The state and employees will each make the following contributions:
    - i) Effective July 1, 2017, 1.3% for a total of 1.9% of pensionable compensation.
    - ii) Effective July 1, 2018, an additional 1.4% for a total of 2.7% of pensionable compensation.
    - iii) Effective July 1, 2019, an additional 1.3% for a total of 4.0% of pensionable compensation.
- 4) Post-Employment Health and Dental Benefit Vesting Schedule
  - a) All employees first employed by the state on or after January 1, 2017, will be subject to an extended vesting schedule providing 50% of the employer contribution upon completion of 15 years of state service, increasing 5% for each additional year of service, until the employee is 100% vested at 25 years of state service.
- 5) Medicare Part B Supplemental Benefit
  - a) All employees first hired on or after January 1, 2017, will no longer be eligible to use the employer contribution for retiree health benefits for Medicare Part B premiums.

## COMPENSATION

- 1) General Salary Increase (GSI)
  - a) Effective July 1, 2016, BU 7 employees shall receive a 3% GSI.
  - b) Effective July 1, 2017, BU 7 employees shall receive a 3% GSI.
  - c) Effective July 1, 2018, BU 7 employees shall receive a 2% GSI.

## 2) Special Salary Adjustments

- a) Effective July 1, 2016 BU 7 employees in the Public Safety Dispatcher, Public Safety Operator, and Communications Operator classifications shall receive a special salary adjustment of 5%.
- b) Effective July 1, 2016, BU 7 employees in the Motor Carrier Specialist I classifications shall receive a special salary adjustment of 3%.
- c) Effective July 1, 2016, BU 7 employees in the State Park Peace Officer (Ranger and Lifeguard) classifications shall receive a special salary adjustment of 5%.
- d) Effective July 1, 2016, BU 7 employees in specified investigator classifications shall receive a special salary adjustment of 5%.
- e) Effective July 1, 2016, BU 7 employees in the Agent, Alcoholic Beverage Control classification shall receive a special salary adjustment.
- f) Effective July 1, 2016, BU 7 employees in the Coordinator (Fire and Rescue Services, and Law Enforcement) classifications shall receive a special salary adjustment.

## 3) Longevity Peace Officer Pay Differential

- a) Effective the first day of the pay period following ratification, each step of the Longevity Pay Differential for peace officers shall be increased by 1%.

## 4) Education Incentive Pay

- a) Effective the first day of the pay period following ratification, the monthly education incentive pay shall increase from \$50 to \$75 for an Associate of Arts or Associate of Science Degree and from \$100 to \$125 for a Bachelor of Arts or Bachelor of Science Degree.

## 5) Uniform Allowance

- a) Effective the first day of the pay period following ratification, the uniform replacement allowance shall be increased as follows:
  - i) From \$640 to \$950 for full-time employees in specified classifications;
  - ii) From \$540 to \$640 for less than full-time employees in specified classifications;
  - iii) From \$20 to \$55 for specified Lifeguards;
  - iv) From \$385 to \$950 for Oil Spill Prevention Specialist;
  - v) From \$450 to \$950 for Communications Operators employed at the Department of Forestry and Fire Protection.

- b) Effective the first day of the **pay** period following ratification, specified employees shall receive a uniform maintenance and cleaning allowance of \$25 per month.
- c) Effective the first day of the **pay** period following ratification, employees in the Motor Carrier Specialist I and School Pupil Transportation Safety Coordinator classifications shall receive an annual boot reimbursement of \$150.

## MISCELLANEOUS

- 1) The maximum amount of leave **th**at can be deducted from each employee for the Union Release Time Bank shall increase from 1.5 hours to 2 hours.
- 2) Effective May 1, 2017, and depending on the availability of department funds, the amount of leave that can be cashed out each year shall increase from 20 hours to 80 hours.
- 3) Incorporates the Wounded Warriors Transitional Leave Act, which provides up to 96 hours of additional sick leave for employees hired after January 1, 2016, who is a military veteran with a service connected disability rated 30%.
- 4) Allows an employee to transfer up to three months of leave credits to a family member under certain conditions.
- 5) Removes the requirement that a new employee must work two years before receiving the full employer health contribution.
- 6) Effective the first day of the **pay** period following ratification, the lodging reimbursement rates shall increase from \$125 to \$140 for Alameda, San Mateo, and Santa Clara Counties and from \$150 to \$250 for San Francisco.
- 7) Effective the first day of the **pay** period following ratification, the Overtime Meal Allowance shall increase from \$7.50 to \$8.00.
- 8) Requires the state to provide specified items of protective equipment based on an employee's classification and place of employment.
- 9) Effective the first day of the **pay** period following ratification, physical fitness pay shall be included in regular base pay.
- 10) Extends the amount of time between voluntary transfers from 12 months to 24 months for Special Agents and Special Agent Supervisors at the Department of Justice.
- 11) Requires Special Agents and Special Agent Supervisors at the Department of Justice who reinstate or are hired from a reemployment list to work 24 months before requesting a voluntary transfer.

**DURATION**

1) July 1, 2015 through July 1, 2019.

**REGISTERED SUPPORT / OPPOSITION:**

None on file.

**Analysis Prepared by:** Genevieve Morelos / BUDGET / (916) 319-2099

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 858 (Committee on Budget and Fiscal Review) – As Amended August 8, 2016

**SENATE VOTE:** 2/3 Vote

**SUBJECT:** Budget Act of 2016

**SUMMARY:** Makes necessary statutory and technical changes to implement the Budget Act of 2016 related to the No Place Like Home (NPLH) Program. Specifically, **this bill:**

- 1) Provides that the California Health Facilities Financing Authority (CHFFA) may issue taxable or tax exempt revenue bonds in an amount not to exceed \$2 billion, for the purposes of financing permanent supportive housing pursuant the NPLH Program or to refund bonds previously issued pursuant to this section.
- 2) Allows CHFFA to utilize bond proceeds to fund necessary reserves, capitalized interest, credit enhancements or liquidity costs or costs of insurance.
- 3) Provides that the CHFFA may make secured or unsecured loans to the Department of Housing and Community Development (HCD) in connection with financing permanent supportive housing pursuant to NPLH Program or to refund bonds previously issued pursuant to the section, in accordance with an agreement between the authority and HCD.
- 4) Allows CHFFA to enter into any agreement for credit enhancement or liquidity, execute any instruments, and do any other acts it deems necessary, convenient, or desirable in connection with revenue bonds issued pursuant to this section.
- 5) Provides that this section is a complete, additional, and alternative method for performing acts authorized and shall be constructed as supplemental and additional to powers conferred by other laws; provided, however that the issuance of the bonds and refunding bonds and the execution of any agreements under this section are not subject to, and need not comply with, the requirements of any other law applicable to the issuance of those bonds or refunding bonds and the execution of those agreements, including, but not limited to the California Environmental Quality Act (CEQA).
- 6) States that the financing of permanent supportive housing pursuant to the NPLH Program shall not exempt the permanent supportive housing from the requirements of any other law otherwise applicable to the project, except as provided in Section 15463 (e)(1).
- 7) Includes new findings and declarations related to the Mental Health Services Act, including the following:
  - a. HCD is the state entity with sufficient expertise to implement and oversee a grant or loan program for permanent supportive housing of the target population.

- b. CHFFA is authorized by law to issue bonds and to consult with the Mental Health Services Oversight and Accountability Commission and the Department of Health Care Services (DHCS) concerning the implementation of a grant program for California counties.
  - c. Use of bond funding will accelerate the availability of funding for the grant or loan program to **provide** permanent supportive housing for the target population as compared to **relying** on annual allocations from the Mental Health Services Fund and better allow counties to provide permanent supportive housing for homeless individuals living with mental illness.
- 8) Defines “authority” to mean CHFFA established pursuant to Part 7.2 (commencing with Section 15430) of Division 3 of Title 2 of the Government Code.
- 9) Defines “Commission” to mean the Mental Health Services Oversight and Accountability Commission established by Section 5845 of the Welfare and Institutions Code.
- 10) Amends the definition of “County” to include, but is not limited to, a city and county, and a city receiving funds pursuant to Section 5701.5.
- 11) Amends the definitions of “Program” to mean the process for awarding funds and distributing moneys to applicants established in Sections 5849.7, 5849.8, 5849.9 and the ongoing monitoring and enforcement of the applicants’ activities pursuant to Section 5849.8, 5849.9, and 5849.11.
- 12) Provides that the authority may do the following:
- a. Consult with the commission and DHCS concerning the implementation of the NPLH Program, including review of the annual reports provided to the authority by the department pursuant to this section.
  - b. Enter into one or more contracts with HCD for HCD to provide, and CHFFA to pay HCD for providing services described in Sections 5849.7, 5849.8, 5849.9, related to permanent supportive housing for the target population. Prior to entering into any contract pursuant to the paragraph, the executive director of CHFFA shall transmit a copy of the contract approved by CHFFA to the commission. The contract shall be deemed approved by the commission unless it acts within 10 days to disapprove the contract.
  - c. On or before June 15 and December 15 of each year, the authority shall notify the Controller of the amounts the authority is required to pay as provided in Section 5890 for the following six month period to the department pursuant to any service contract entered.
- 13) Provides that HCD may do the following:
- a. Enter into one or more contracts with CHFFA to provide services described in Sections 5849.7, 5849.8, 5849.9, related to permanent supportive housing for the target population. Payments received by HCD under any service contract

authorizes by this paragraph shall be used, prior to any other allocation or distribution, to repay loans from CHFFA pursuant to Section 15463 of the Government Code.

- b. Enter into or more loan agreements with CHFFA as security for the repayment of the revenue bonds issued by CHFFA. HCD shall deposit the proceeds of these loans, excluding any loans relating to refunding bonds, into the fund. HCD's obligation to repay these loans shall be limited to amounts received pursuant to its trustee, which may be the Treasurer.

14) Includes the following additional findings and declarations:

- a. The consideration to be paid by CHFFA to HCD for the services provided pursuant to the contracts authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) is fair and reasonable and in the public interest.
- b. The services contracts and payments made by CHFFA to HCD pursuant to a service contract authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) and the loan agreements and loan repayments made by HCD to CHFFA pursuant to a loan agreement authorized by paragraph (2) of subdivision (b) shall not constitute a debt or liability, or a pledge of the faith and credit, of the state or any political subdivision.

15) Requires the state to hereby covenant with the holders from time to time of any bonds issued by CHFFA pursuant to Section 15463 of the Government Code that it will not alter, amend, or restrict the provisions of this section, subdivision (f) of Section 5890, or subdivision (b) of Section 5891 in any manner adverse to the interests of those bondholders so long as any of those bonds remain outstanding. CHFFA may include this covenant in the resolution, indenture or other documents governing the bonds.

16) Amends the NPLH Fund to be continuously appropriated to HCD, CHFFA, and the Treasurer, not just HCD.

17) Amends the language relating to the NPLH Fund, to state that any moneys from the receipt of the loan proceeds by HCD derived from the issuance of bonds by CHFFA (strikes out the Treasurer) for the purposes of implementing the program.

18) States that in order to finance permanent supportive housing the target population, HCD may enter into one or more contracts with CHFFA. States that HCD shall use its best efforts to provide or cause to be provided permanent supportive housing for the target population in consideration for service contract payments to be received from CHFFA.

19) Provides that for the measurement of dollar limit on amounts to be distributed by HCD shall be based on the principal amount of bonds issued by CHFFA and loaned to HCD, exclusive of any refunding bonds but including any net premium derived from the sale of the bonds, for deposit in the fund.

- 20) Provides that there is no dollar limit on the distribution of moneys in the fund derived from the sources described in paragraphs (2) and (3) of subdivision (b) of Section 5849.4.
- 21) Clarifies that the 8% set aside for small counties is for a competitive program.
- 22) Clarifies that HCD shall award funds in at least 4 rounds for the competitive program.
- 23) Clarifies that the first request for proposal shall be issued 180 days after the effective date of a final judgment, with no further opportunity for appeals, in any court proceeding affirming the validity of the contracts authorized by the authority and the department.
- 24) Adds that HCD shall monitor compliance by counties of the grant and loan agreements and regulatory agreements to funds distributed to this section, and to which HCD may be a third party beneficiary, and enforce those agreements to the extent necessary and desirable in order to provide to the greatest degree possible, the successful provision of permanent supportive housing.
- 25) Requires HCD to report annually to the authority the status of its efforts.
- 26) Allows HCD to provide technical assistance to counties or developers of supportive housing to facilitate the construction of permanent supportive housing for target populations.
- 27) Requires a county receiving funds to commit to provide mental health services and coordinate the provision of, or referral to, other services, including, but not limited to, substance abuse treatment services, to the tenants of the supportive housing development for at least 20 years. Services shall be provided onsite at the supportive housing development or at a location otherwise easily accessible to the tenants.
- 28) Changes from 60 days to 150 days, after the effective date of a final judgment, with no further opportunity for appeals, in any court proceeding affirming the validity of the contracts authorized by the authority and the department for the department to make the first allocation of moneys pursuant to this section.
- 29) Requires HCD to submit a report to CHFFA by December 31 of each year, commencing with the year after the first full year in which the program is in effect, that contains the information, for all counties participating in the program and the services that have been provided.
- 30) Repeals Section 5849.13 of the Welfare and Institution Code.

- 31) Requires that an action to determine the validity of any contract or loan authorized pursuant to Section 5849.35 or any bond authorized to be issued pursuant to Section 15463 of the Government Code, and any contracts related to those bonds, may be brought in accordance with Section 17700 of the Government Code.
- 32) Allows the Department of Finance (DOF) to authorize one or more loans from the General Fund to the NPLH fund for cashflow purposes. Increases from an aggregate amount not to exceed \$1 million to an amount not to exceed \$2 million, assuming the loans are for either of the following conditions:
  - a. To allow HCD to begin program implementation activities, including but not limited to, drafting program guidelines and regulations.
  - b. To allow HCD, CHFFA, and the Treasurer to implement Section 5948.35 of this Welfare and Institutions Code and Section 15463 of the Government Code, including but not limited to, payment for financial advisory and legal services to prepare for, and in connections with, any validation action pursuant to Section 5849.13 of any other court action regarding this part or Section 15463 of the Government Code.
- 33) Creates the Supportive Housing Program Subaccount within the Mental Health Services Fund. All moneys in the subaccount are continuously appropriated, without regard to fiscal years, to the CHFFA to provide funds to meet its financial obligations pursuant to any service contracts entered into pursuant to Section 58849.35.
- 34) Requires the Controller, starting on the first day of each month, to prior to any transfer, deposit or expenditure from the fund for any other purpose, transfer from the Mental Health Services Fund to the Supportive Housing Program Subaccount an amount which has been certified by the CHFFA, but not to exceed an aggregate amount of \$140 million per year.
- 35) Requires any shortfall to be carried over to the next month if in any month the amounts in the subaccount are insufficient to fully pay the amount certified by the CHFFA.
- 36) Prohibits moneys in the Supporting Housing Subaccount to be loaned to the General Fund.
- 37) Exempts the Supportive Housing Program Subaccount created by subdivision (f) of Section 5890 or any moneys paid by CHFFA to HCD as a service fee pursuant to a service contract authorized by Section 5849.35.

- 38) Makes various technical amendments necessary to the implementation of the NPLH Program.
- 39) Makes findings and declarations that this act furthers the intent of the Mental Health Services Act, enacted by Proposition 63 at the November 2, 2004, statewide general election.
- 40) Provides an appropriation related to the budget.

**EXISTING LAW:**

- 1) Existing law includes the Mental Health Services Act (MHSA), an initiative enacted by the voters as Proposition 63, at the November 2, 2004, statewide general election, imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1 million and requires that the revenue from the tax be deposited in the Mental Health Services Fund to fund various county mental health programs.
- 2) Existing law creates the NPLH Program, which requires the Department of Housing and Community Development to award \$2 billion among counties to finance capital costs, including but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for a target population.

**FISCAL EFFECT:**

- 1) Includes a continuous appropriation for the Supportive Housing Program Subaccount created in the Mental Health Services Fund.

**COMMENTS:**

- 1) This trailer bill provides the bond financing language necessary to implement the No Place Like Home Program.
- 2) Under this program, up to \$140 million is transferred from the first revenues into the Mental Health Services Act Fund to a subaccount for the CHFFA each year.
- 3) Through a services contract between CHFFA and HCD, CHFFA agrees to pay HCD up to \$140 million annually for HCD to implement and administer grants or loans to counties for supportive housing. The services contract is a contingent obligation of CHFFA, which is an exception to the constitutional debt limit provision. Without the exception, the bond language would be subject to approval by the voters.
- 4) Under this proposal CHFFA issues bonds and loans the proceeds, not to exceed \$2 billion

to HCD. HCD deposits proceeds into the NPLH to fund grants or loans to counties for supportive housing, as administered by HCD.

- 5) Under a loan agreement between CHFFA and HCD, CHFFA agrees to loan bond proceeds to HCD in exchange for HCD agreeing to assign its services payments received to CHFFA for use as debt service on the bonds.
- 6) Under the NPLH Program passed in June, there is a 5% cap on administrative costs.
- 7) With respect to the CEQA language included in WIC 5849.35 (e) and GC 15463 (e)(1), where the services contract and all the bond documents may be approved much earlier than when the counties may be ready to apply for grants or loans, the language clarifies that the approval of a service contract between HCD and CHFFA is not an "approval of a project triggering (and thereby violating) CEQA. The language does not exempt the housing projects from the CEQA process.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

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**Opposition**

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**Analysis Prepared by:** Genevieve Morelos / BUDGET / (916) 319-2099

Date of Hearing: August 10, 2016

ASSEMBLY COMMITTEE ON BUDGET

Philip Ting, Chair

SB 859 (Committee on Budget and Fiscal Review) – As Amended August 8, 2016

**SENATE VOTE:** 25-11

**SUBJECT:** Correctional facilities: construction: financing

**SUMMARY:** Makes necessary statutory and technical changes to implement changes to the Budget Act of 2016 related to public safety facilities. Specifically, **this bill:**

- 1) Clarifies the Legislature's intent to allow Napa County to retain all previously awarded jail construction funding in addition to the \$20 million provided for jail construction in the 2016 Budget.

**FISCAL EFFECT:** No fiscal effect.

**COMMENTS:** This bill ensures Napa county will retain all past public safety facility construction awards in addition to the award made pursuant to the 2016 Budget Act.

**REGISTERED SUPPORT / OPPOSITION:**

None on file.

**Analysis Prepared by:** Marvin Deon / BUDGET / (916) 319-2099