

Assembly
California Legislature



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Agenda

August 29, 2013

10 am - Room 4202

Items for Vote Only:

- SCA 3 (Leno)
- SB 335 (Yee)

Items to be Heard:

- Budget Cleanup / Follow-up Package
SB 95, SB 96, SB 97, SB 98, SB 99, SB 100, SB 101, SB 102, SB 105
- 1) Presentation by Department of Finance
 - 2) Member Questions and Answers
 - 3) Public Comment
 - 4) Vote to Adopt Budget Cleanup / Follow-up Package
 - 5) Adjournment

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SCA 3 (Leno and Steinberg) – As Amended: August 15, 2013

SENATE VOTE: 37-0

SUBJECT: Public Information.

SUMMARY: Proposes amendments to the California Constitution (Constitution) to require local agencies to comply with the California Public Records Act (CPRA) and the Ralph M. Brown Act (Brown Act) and exempt the state from reimbursing local agencies for related costs. Specifically, this bill:

- 1) Proposes an amendment to the Constitution to require each local agency to comply with the CPRA and the Brown Act, and to comply with any subsequent statutory enactment amending either act, enacting a successor act, or amending any successor act that contains findings demonstrating that the statutory enactment furthers the purposes of Section 3 of Article I of the Constitution.
- 2) Proposes an amendment to the Constitution that provides that the Legislature may, but need not, reimburse local agencies for legislative mandates contained in the CPRA or the Brown Act.

EXISTING LAW provides that the people have the right of access to information concerning the conduct of the people's business, and therefore, the meetings of public bodies and the writings of public officials and agencies shall be open to public scrutiny.

Provides that statutes, court rules, or other authorities must be broadly construed if they further the people's right of access, and narrowly construed if they limit the right of access. A statute, court rule, or other authority that limits the right of access must be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

Requires the state to reimburse local governments for the cost of new programs or higher levels of service mandated by the Legislature or any state agency. Provides the following exceptions: mandates requested by the affected local agency; legislation defining a new crime or changing an existing definition of a crime; or mandates enacted prior to 1975, or executive orders or regulations initially implementing such legislation.

Establishes standards for local public agencies' open and public meetings pursuant to the Brown Act. Requires the meetings of local governments' legislative bodies to be "open and public," ensuring the people's access to information so they may retain control over the public agencies that serve them.

Provides for public access to public agencies' records pursuant to the CPRA. Requires, with specified exceptions that public records be open to inspection and that every person has the right to inspect any public record.

FISCAL EFFECT: One-time General Fund costs of about \$220,000 to include an analysis of this measure, and arguments for and against the measure, in the state voter pamphlet.

Unknown future state General Fund savings, from relieving the state from reimbursement for mandated costs related to the CPRA and the Brown Act.

COMMENTS: This bill proposes amendments to the Constitution that would require local agencies to comply with the CPRA and the Brown Act, and would exempt the state from reimbursing local agencies for these costs. If enacted, SCA 3 would appear on the ballot in the next statewide election in June of 2014.

The Commission on State Mandates (Commission) issued a Statement of Decision on May 11, 2011 (Case No.: 02-TC-10 and 02-TC-51), determining that a number of provisions in the CPRA impose reimbursable state-mandated programs on local agencies. Although the core provisions of the CPRA were enacted in 1968, and are thus not subject to state-reimbursement, this test claim found that certain provisions enacted after 1975 are reimbursable state-mandated activities, including the following:

- 1) Providing a copy of public records in an electronic format used by the agency;
- 2) Notifying a requesting party whether records are public and subject to disclosure within 10 days, and the reasons for that determination;
- 3) Providing a reason to a requesting party if an extension of the 10-day period is necessary due to unusual circumstances;
- 4) Providing assistance to the public in identifying and locating public records; and,
- 5) Redacting or withholding home address and telephone contact information of school district employees from public records that are subject to disclosure.

The Commission adopted Parameters and Guidelines (P&Gs) on this test claim on April 19, 2013, which provides guidance to local agencies seeking reimbursement, but has not adopted a statewide cost estimate. The statewide cost estimate provides the Legislature with an estimate of the projected annual General Fund costs associated with the mandate.

The Governor's 2013-14 Budget proposed to suspend a number of mandates, including the CPRA mandate. As part of the budget trailer bills, the Legislature approved AB 76 (Committee on Budget), which recast certain provisions of the CPRA as best practices and thereby made local agency compliance optional with respect to specified provisions that were deemed to be reimbursable state mandates. In response to concerns, a substitute bill, SB 71 (Committee on Budget and Fiscal Review), that included all of the provisions of AB 76, excluding those related to the CPRA mandate and an additional mandate related to local agency ethics training, was passed by the Legislature. The Governor signed SB 71 and vetoed AB 76.

This Constitutional amendment will clarify through the ballot process that local agencies are responsible for costs of complying with the constitutional provisions that guarantee public access to the operations and records of local agencies included in the CPRA and the Brown Act. This amendment will address the concerns over how costs for local agency compliance with best practices for open government are distributed between state and local agencies.

REGISTERED SUPPORT / OPPOSITION:

Support

California Newspaper Publishers Association

Opposition

Association of California Water Agencies

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

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET
Nancy Skinner, Chair
SB 335 (Yee) – As Amended: August 5, 2013

SENATE VOTE: 28-10

SUBJECT: State Contract Expenditure Reporting

SUMMARY: Requires the FI\$Cal accounting system, which is currently under development, to report information on all contracts over \$5,001 for agencies and departments that use the system. Specifically, this bill: Stipulates that contract information for all contracts in departments that use FI\$Cal must be searchable and sortable and contain the name of the contractor, a description of services, the total projected costs of the contract, the amount paid to the contractor in the current and prior years, the effective date of the contract, and the procurement method.

FISCAL EFFECT: Committee staff believe any costs associated with this bill have already been accounted for in the current project costs for the FI\$Cal project.

COMMENTS: FI\$Cal, the State's effort to modernize the State's accounting and budgeting practices and install modern automation tools is well underway. This bill intends to set reporting requirements upon the new system that are consistent with prior legislative intent around the goals of the project to provide accessible information on State expenditures.

In creating the FI\$Cal project, the Legislature set some broad goals and priorities for the information contained in the new system. This bill builds upon those goals, by appropriately refining the expectations regarding the project.

Currently, the State operates the State Contracting and Procurement Reporting System (SCPRS), which provides information on State contracts. This data cannot be easily analyzed or sorted, which makes it difficult to analyze and search. The data is also hard to aggregate because a single vendor name may be coded inconsistently by different account clerks. This limitation has been recognized during Assembly budget oversight hearings in the recent past, when information regarding State contract expenditures were scrutinized.

The FI\$Cal system will solve these problems with its improvements to procurement. The system has already developed a single chart of accounts, which will be rolled out across 140 departments and a centralized vendor management file that will improve the standardization of the data. The system itself is designed to produce reports that have the sortable functionality that is similar to the requirements of this bill. When the system is fully operational in 2016, the type of information required in this bill will be available within the FI\$Cal system. Therefore, this bill appears to be consistent with the efforts already underway with the FI\$Cal project. Many of the potential costs of this bill, such as changing the State Contracting Manual, will need to be undertaken to implement the FI\$Cal project itself, so the additional specificity on reporting articulated in this bill should have no additional costs.

FI\$Cal project staff restate that not all State agencies will use the contract procurement components of FI\$Cal and thus the data requested in this bill will not be provided for those departments. In particular, data for Lottery, Corrections, DMV, Caltrans, and Water Resources will not have contract data available in FI\$Cal. However, these departments would technically "use the FI\$Cal system" for other functionality,

like budgeting. The author's office states that the intent of the bill is consistent with this clarification and there is no expectation that this bill would require an increase in the scope of the project to require new functionality for departments.

Currently the \$616.8 million FISCal project is on schedule and has met its significant project milestones. The project has implemented its "Pre-Wave" activities to develop the templates and architecture of the system and then will begin rolling out the project through four "Waves" of departments over the next three years.

The information gathered through the requirements of this bill may not be sufficient to capture true contract expenditures for State vendors. Most state appropriations can be encumbered for up to three years, which means contractors can have pending unpaid invoices that would not be reported in the current and prior year data, as required in the bill. Very large projects, like the IT contracts for efforts like the FISCal system contract or the High Speed Rail Authority's contracts for construction, often have longer appropriation periods to accommodate the complexity and duration of the project. Thus, if this bill is enacted, further reporting could be required to provide a comprehensive picture of contract expenditures.

The Legislature may need to revisit FISCal reporting language to align the expectations of reporting with the capabilities of the system. While the requirements in this bill appear to be broad enough to fit within the expected functionality of the system, it will be worth revisiting to ensure that the system is providing data efficiently to the public and the Legislature itself.

REGISTERED SUPPORT / OPPOSITION:

Support

AFSCME (Sponsor)

Opposition

None on File.

Analysis Prepared by: Christian Griffith / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 95 (Budget and Fiscal Review Committee) – As Amended: August 27, 2013

SENATE VOTE: Vote not relevant.

SUBJECT: 2013-14 Budget Act Amendments.

SUMMARY: Amends the 2013-14 Budget Act, which was adopted on June 15, 2013, in AB 110. This bill, when combined with AB 110 (the main Budget bill), constitutes the 2013-14 Budget Act.

Specifically, this bill:

- 1) Makes conforming changes to implement the Active Transportation Program and remove provisions that froze funding for human-powered transportation programs which would now be subject to the Active Transportation Program guidelines.
- 2) Specifies that \$24 million of transportation funding through the Active Transportation Program will be spent on the Safe Routes to Schools program, with at least \$7.2 million being spent on non-infrastructure grants.
- 3) Specifies \$7 million will be spent on the Environmental Enhancement and Mitigation Program.
- 4) Removes provisions specifying the number of inmates authorized to be housed in correctional facilities located outside of California.
- 5) Removes the authority to transfer funds appropriated for the purpose of housing inmates outside of California.
- 6) Reappropriates \$270,000 to the California State Auditor's (CSA) Office from the Private Postsecondary Education Administration Fund to be used by the CSA to conduct a performance audit of the Bureau for Private Postsecondary Education's operations.
- 7) Clarifies legislative intent that the Secretary of State's Business Programs Division must report to the Legislature quarterly at the end of this calendar year, assuming the 5-day processing time is being met for business filings.
- 8) Eliminates a duplicative appropriation for the State Board of Education for implementation of the Local Control Funding Formula (LCFF).
- 9) Adjusts funding for CalWORKs Stage 3 Child Care to correct the budgeted amount to reflect expected caseload for the program.
- 10) Adds new provisions to state funding for County Veterans Service Offices (CVSOs) to allow \$3 million in new funding provided in the Budget Act to be dispersed to counties quickly. The additional funding will be sent to counties based on 2012-13 workload within 30 days of this bill's enactment. This will allow CVSOs to quickly ramp up services to veterans. In addition, \$400,000 will be used for a statewide outreach campaign to alert veterans to federal benefits that may be available to them.

- 11) Adds \$422,000 General Fund to the Community College Chancellor's Office to create four new positions. The positions will help implement new programs or oversee additional duties given to the Chancellor's Office in the Budget Act, including new information technology programs, overseeing the distribution of planning grants for regional adult education consortia, and overseeing an apprenticeship program that was moved from the Department of Education to the Chancellor's Office.
- 12) Clarifies legislative intent from the Budget Act that \$500,000 in new funding to provide outreach regarding the new Middle Class Scholarship program does not need to be used in the same manner as other college outreach programs. Other programs require local matching funds and a tutoring component; this new funding will not include the same requirements.
- 13) Clarifies legislative intent that the Proposition 39 funding for community colleges shall be dispersed by the Chancellor's Office per requirements in previous legislation and based on guidelines created by the Chancellor's Office on May 29, 2013.
- 14) Clarifies legislative intent from the Budget Act that apprenticeship programs operated by local education agencies can continue to operate in a similar manner even after the programs' oversight is transferred to the Community College Chancellor's Office.
- 15) Removes the Physical Plant and Instructional Support community college categorical program from the list of programs that districts can "flex," or use for any program. The 2013 Budget Act included an additional \$30 million in one-time funding for this program, signaling legislative intent to use the funds within this categorical, which supports maintenance and repair projects and instructional equipment and library materials.
- 16) Provides early repayment of two General Fund loans totaling \$24.55 million and transfer to the Air Quality Improvement Fund with direction that these funds be spent by the Air Resources Board on the Clean Vehicle Rebate Project.
- 17) Directs the Department of Pesticide Regulation to conduct a minimum of five risk assessments per year.
- 18) Makes other clarifying, conforming, and technical changes.

COMMENTS: This bill amends the original budget bill to achieve the expenditure levels and solutions assumed in the overall budget package. This bill is at times referred to as "Budget Bill Junior" because the bill is derived from the original Budget Act and is shorter in length.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Zoe Adler / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 96 (Budget and Fiscal Review Committee) – As Amended: August 26, 2013

SENATE VOTE: Vote not relevant

SUMMARY: This bill provides the necessary statutory references to enact the 2012-13 Budget related to resources, environmental protection, energy and agriculture. Specifically, this bill:

- 1) Shifts the Ocean Protection Council to the Natural Resources Agency and consolidates ocean programs under the Secretary for Natural Resources.
- 2) Allows revenues from agricultural leases provided to the state to be directed to the management of those leases rather than for the future purchase of state lands.
- 3) Allows the Speaker of the Assembly or the Senate Committee on Rules to appoint a Member of the Legislature or legislative staff to serve as an alternate for a Member of the Legislature appointed to a state board or commission within the Natural Resources Agency in the Member's absence. Because these members are ex-officio and do not vote, the alternates would have the same restrictions as the sitting members.
- 4) Provides a change to the Architectural Paint Recovery Program and Carpet Stewardship Program at the Department of Resources Recycling and Recovery (CalRecycle) to allow the administrative fees supporting these programs to be paid quarterly in arrears rather than yearly.
- 5) Reforms the Beverage Container Recycling Program at CalRecycle in order to: a) create a more stringent certification process, b) provide a new, formal training and technical assistance program, mandate the use of certain updated information technology tools, and, c) restrict recycling centers to only redeeming beverage containers for which a California Redemption Value has been paid.
- 6) Makes technical statutory changes to the Department of Forestry and Fire Protection to eliminate the non-critical functions, and reduce the statutory responsibilities of the department, in order to meet workload within its authorized spending levels.
- 7) Provides the necessary statutory changes to shift the Education and the Environment Initiative from the Secretary for California Environmental Protection Agency (CalEPA) to CalRecycle.
- 8) Requires Joint Legislative Budget Committee notification within 30 days of any hydroelectric power project relicensing proposal by the Federal Energy Regulatory Commission that, if approved by the department, would obligate the General Fund in the future.
- 9) Requires the California Alternative Energy and Advanced Transportation Financing Authority to develop and administer a risk mitigation program for Property Assessed Clean Energy (PACE) loans.
- 10) Provides for the transfer of a Caltrans building to the Department of Parks and Recreation for incorporation into the capital development plan for the San Diego State Historic Park.

- 11) Extends a concession agreement at Will Rogers State Beach to exceed 20 years in order to allow the concessionaire to amortize improvements over a longer period of time.
- 12) Eliminates the term limits on voting members of the Delta Stewardship Council.
- 13) Requires the California Energy Commission, in administering the Electric Program Investment Charge as developed by the California Public Utilities Commission, to develop and administer this program with a focus on ratepayers and with annual reporting to the Legislature. Does not change the authorization status of the program.
- 14) Makes several changes to the California Public Utilities Commission (CPUC) including: a) approves \$30 million for cyber-security research at the Lawrence Livermore National Laboratory; b) provides for a zero-based budgeting exercise at the CPUC to be reported to the Legislature in 18-months, c) creates the Office of Ratepayer Advocates as a separate budgetary program at the CPUC with separate budget and positions; and, d) requires notice to the Legislature of future litigation settlements.
- 15) Contains an appropriation allowing the bill to take effect immediately upon enactment.

COMMENTS: This bill is identical to SB 84 (Budget and Fiscal Review Committee), the Omnibus Resources trailer bill, which passed the Assembly Floor on July 3, 2013, with the exception of the deletion of a technical, obsolete provision.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Gabrielle Meindl / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 97 (Budget and Fiscal Review) – As Amended: August 28, 2013

SENATE VOTE: Vote not relevant

SUBJECT: Education

SUMMARY: Makes various technical and clarifying changes to statutes related to K-12 and Higher Education in order to implement the 2013 Budget Act. Specifically, this bill:

K-12 Education:

- 1) Makes clarifying changes related to the transfer of the California School Finance Authority from the State Department of Education (SDE) to the State Treasurer's Office.
- 2) Makes various technical changes related to implementation of the California Clean Energy Jobs Act (Proposition 39):
 - a) Specifies, for purposes of calculating an average daily attendance equivalent for the state special schools, SDE will use 97% of their prior year enrollment as captured in the state's CalPADS data system.
 - b) Clarifies that small school districts may receive two years' worth of Proposition 39 funding allocations in the first year, and extends the deadline by which they must apply for this treatment by one month.
 - c) Clarifies an existing statutory requirement that schools receiving Proposition 39 funding repay that funding if they vacate the benefitting facility within five years of project completion, to specify that it applies to every local educational agency, not just school districts.
- 3) Clarifies that the terms and conditions of the General Fund cashflow loan to Inglewood Unified School District shall include costs incurred by the California Infrastructure and Economic Development Bank (I-Bank).
- 4) Clarifies that the Program Specialists and Regionalized Services (PSRS) and professional development funds are included in the special education base funding when calculating the Statewide Target Rate.
- 5) Makes various changes related to the Local Control Accountability Plan (LCAP), including:
 - a) Clarifies that a budget cannot be approved for a school district or county office of education (COE) before a local control accountability plan (LCAP) or update to the existing plan is adopted and clarifies terms under which a budget review committee shall be formed.
 - b) Requires school district and COE actions related to achieving the goals of the LCAP to be consistent with local collective bargaining agreements.

- c) Clarifies that the initial LCAP program expenditures shall be listed and described in the same manner as the annual LCAP.
 - d) Provides greater detail related to career technical education state priorities.
 - e) Adds local bargaining units to the groups school district and COEs must consult in the development of the LCAP.
 - f) Requires LCAP to adhere to regulations adopted related to expenditure of supplemental and concentration grant funding.
- 6) Makes a several technical and clarifying changes related to the Local Control Funding Formula (LCFF), including:
- a) Clarifies statutes related to the William's settlement agreement to delink from previous categorical funding while continuing requirements with the new funding model.
 - b) Repeals law related to county community schools and the transfer of students to conform with LCFF requirements.
 - c) Clarifies allocation methodology related to the Education Protection Account (EPA) for revenues for school districts, charter schools and COEs.
 - d) Continues, through 2016, direct appropriation of categorical funding to Joint Power Authorities if they received these funds directly prior to the passage of the LCFF.
 - e) Establishes a process for county offices of education and school districts to share maintenance of effort requirements related to Adult Education and Home to School Transportation.
 - f) Clarifies free and reduce-price meal eligibility is based on federal income eligibility criteria for purposes of unduplicated pupil counts.
 - g) Authorizes LEAs to submit changes to California Longitudinal Pupil Achievement Data System (CALPADS) within the timeframes and procedures established by the SDE.
 - h) Excludes, for the 2013-14 and 2014-15 fiscal years, \$3.5 million from the calculation of the LCFF transition adjustment for Torrance Unified School District to reflect the pass through of these funds to Southern California Regional Occupational Center.
 - i) Clarifies the physical location of a charter school for purposes of generating concentration grant funding.
 - j) Clarifies than Necessary Small School (NSS) average daily attendance (ADA) does not count for purposes of base funding but does count for supplemental and concentration grant funding.
 - k) Clarifies that the amount of NSS funding received by a school district that qualified for NSS funding in the 2012-13 fiscal year is included within their hold harmless calculation.
 - l) Repeals obsolete code sections related to Capistrano Unified School District and Fallbrook Union High School.

- m) Specifies that Superintendent of Public Instruction (SPI) shall contract with a local education agency (LEA), or consortium of LEAs, to serve as the fiscal agent for the California Collaborative for Educational Excellence (CCEE). (The 2013 Budget Act appropriated \$10 million for this purpose.)
- 7) Appropriates up to \$3.164 million (General Fund) to the SDE for state operations:
- a) Provides \$459,000 (one-time General Fund) for three limited term positions to oversee the California Career Technical Education Pathways Trust competitive grant program;
 - b) Provides up to \$1.4 million to support the implementation and administration of the LCFF. Specifically, the bill appropriates \$933,000 (ongoing General Fund) for six positions for this purpose. An additional \$479,000 for up to five positions may be authorized, contingent upon Department of Finance approval of an expenditure plan.
 - c) Provides up to \$1.3 million for the support and development of the LCAP. Specifically, this bill appropriates \$570,000 (ongoing General Fund) for five positions for this purpose. An additional \$723,000 and six positions may be authorized, contingent upon Department of Finance approval of an expenditure plan.
- 8) Amends Chapter 47, Statutes of 2013 to clarify that the \$2 million provided to the Office of Planning and Research is non-Proposition 98/General Fund.
- 9) Makes other technical and clarifying changes.

Community Colleges:

- 1) Makes technical changes to statutes regarding community college mandates and the apprenticeship program;
- 2) Adjusts deferral amounts within the community college system by \$2.8 million;
- 3) Allows community college districts to use Proposition 98 General Fund monies for cash-flow purposes until the final amount of funds from Redevelopment Agencies is determined. This change gives the Department of Finance discretion to allow districts to use Proposition 98 funding while districts wait for Redevelopment Agency (RDA) funding. There is no new cost to Proposition 98; the funding is needed for cash-flow purposes and will be reconciled once final RDA amounts are determined.

Middle Class Scholarship:

- 1) Makes four minor changes to the Middle Class Scholarship program, which was established in the 2013 Budget Act. The changes are:
 - a) Ensures that students are entitled to discounts of up to 40 percent of systemwide tuition and fees at the University of California and California State University under the programs. Previous language had inadvertently omitted systemwide fees;

- b) Requires that students maintain "satisfactory academic progress," as defined by federal regulation, to qualify for the program. This change aligns academic standards with that of the Cal Grant program;
- c) Clarifies legislative intent that students can qualify for the program if their annual household incomes does not exceed \$150,000;
- d) Clarifies legislative intent that the new program does not allow the University of California or California State University to supplant their institutional financial aid programs and that the systems maintain institutional aid funding levels for undergraduate students at the 2013-14 level.

EXISTING LAW:

- 1) Establishes the Local Control Funding Formula which replaces the prior revenue limit and categorical funding structure for K-12 education. The formula is comprised of a base grant (general purpose funding), supplemental grants (funding for English learners (EL), low income and foster youth) and concentration grants (additional funding for LEAs with high numbers of EL, low income and foster youth students). Existing law also includes accountability requirements through the development and adoption of LCAPs, which require the reporting of detailed pupil achievement data and information related to the expenditure of their LCFF allocations. Statute further requires the SBE to adopt a template for use by LEAs in developing LCAPs.
- 2) Authorizes Inglewood Unified School District to request, through the SDE, up to \$55 million in cashflow loans from the General Fund, in lieu of financing through the I-Bank. The interest charged on these loans are at the annual rate of return of the Pooled Money Investment Account (PMIA) plus 2 percent. According to the Department of Finance, the I-Bank has incurred costs of roughly \$144,000 to date.

FISCAL EFFECT: Appropriates up to an additional \$3.164 million (General Fund) to the State Department of Education for state operations.

COMMENTS: This bill makes largely technical and clarifying amendments to the education trailer bills passed in June as part of the 2013 Budget Act. These bills were AB 86, Chapter 48, Statutes of 2013 (Education Omnibus Trailer Bill), AB 97, Chapter 47, Statutes of 2013 (Local Control Funding Formula) and AB 94, Chapter 50, Statutes of 2013.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Misty Feusahrens and Mark Martin / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 98 (Budget and Fiscal Review Committee) – As Amended: August 27, 2013

SENATE VOTE: Not relevant

SUBJECT: Technical corrections and clarifications to health and human services budget trailer bills adopted as part of the 2013-14 Budget.

SUMMARY: This bill specifies components of the Historical Allocation methodology for purposes of counties calculating revenue and costs for health care, and makes technical corrections and clarifications to recently-enacted health and human services budget trailer bills. Specifically, this bill:

- 1) Makes changes to sections effectuated through recently-enacted trailer bill legislation (AB 85, Chapter 24, Statutes of 2013):
 - a) Proposes a "Historical Allocation" methodology to fairly allocate available revenues proportionally for all unreimbursed costs incurred by county public hospital health systems, by determining the historical amounts or percentages of three specified revenue sources. This proposed methodology was developed, and agreed to, by Department of Health Care Services (DHCS) and the California Association of Public Hospitals & Health Systems, as required by AB 85. This methodology will determine the sources and amounts of each of the following three historical revenue sources that are currently used by counties to fund Medi-Cal and uninsured costs: 1) unrestricted special local health funds; 2) one-time and carry-forward revenues; and, 3) county general purpose funds.
 - b) Repeals obsolete statute that directs DHCS to develop an allocation methodology by September 13, 2013, for the purpose of such a methodology being codified in statute. The proposed methodology, required by this section, is contained within this bill.
 - c) Specifies a specific calculation methodology for the applicable shortfalls and their relative proportions.
 - d) Specifies a specific calculation methodology for the applicable total funding amounts for each funding source and the amount of each source needed to fund the total shortfall.
 - e) Specifies a specific calculation methodology for the applicable amount of each source to allocate as a revenue source for Medi-Cal and uninsured health costs.
 - f) Specifies certain aspects of the calculation methodology that are to be unique to Los Angeles County.
 - g) Changes references to other sections of law as they were adopted in AB 85, in a new Section 17600.50, to instead reference those sections as they read on January 1, 2012 or July 1, 2013, so as to accurately account for fund levels and to avoid artificially inflating the amounts of growth funds being redirected.

- h) Corrects erroneous citations for the Family Support Subaccount, removing the word "Services" where it was previously incorrectly included.
 - i) Provides additional time to establish the historical amounts and for counties to elect the 60/40 option or the formula.
 - j) Makes other technical, nonsubstantive changes to provisions enacted by AB 85 to correct errors and comply with administrative norms requested by the Department of Finance (DOF), State Controller's Office (SCO), and counties.
- 2) Makes additional changes to sections effectuated through AB 85, specifically with respect to the use of sales tax and vehicle license fee (VLF) funds as follows:
- a) Requires the SCO to allocate sales tax and VLF funds to health and social services accounts as these funds were allocated prior to enactment of AB 85.
 - b) Requires the SCO to transfer, on a monthly basis and pursuant to a schedule provided by the DOF, no more than \$300 million in sales tax funds from the Social Services Subaccount to the Health Subaccount in 2013-14. This change constitutes an appropriation.
 - c) For 2014-15 and all fiscal years thereafter, requires the SCO to transfer, on a monthly basis and pursuant to a schedule provided by DOF, no more than \$1 billion annually in sales tax funds from the Social Services Subaccount to the Health Subaccount.
 - d) Requires the SCO to adjust on a monthly basis, pursuant to a schedule provided by Finance, the monthly VLF distributions to reflect the equal exchange of sales tax funds from the Social Services Subaccount to the Health Subaccount that begins in 2013-14.
 - e) Clarifies that the transfers and adjustments above cannot be used in calculating future year sales tax and VLF allocations to the social services and health accounts.
- 3) Makes changes to sections effectuated through recently-enacted human services-related trailer bills, including AB 74 and SB 94 (Chapters 21 and 37 respectively, Statutes of 2013) as follows:
- a) Changes the term "licensed vehicle" to "motor vehicle" in the section of law that was recently revised relating to the allowable value of a licensed vehicle retained by an applicant or recipient of California Work Opportunity and Responsibility to Kids (CalWORKs) aid. This change allows for the valuation and exemption rules to apply to unlicensed vehicles.
 - b) Makes a nonsubstantive change to clarify that any month in which "any of" the specified conditions exists shall not be counted as one of the 24 months of participation allowed under current law.
 - c) Corrects a code reference that had been included in the Coordinated Care Initiative trailer bill, SB 94, related to the provision of services in certain counties.
 - d) Corrects an erroneously included reporting provision regarding the Low-Income Home Energy Assistance Program (LIHEAP) service benefit that had previously been stricken in recently chaptered legislation.

- e) Specifies that the nominal LIHEAP services benefit be funded through the LIHEAP grant allocated for outreach activities in accordance with state and federal requirements.

EXISTING LAW

- 1) Commencing January 1, 2014, as revised by AB 74, requires, for eligibility and participation in the CalWORKs program, that the equity value of each licensed vehicle belonging to an applicant or recipient not be greater than \$9,500.
- 2) Requires, with certain exceptions, every individual, as a condition of eligibility for aid under the CalWORKs program, to participate in certain welfare-to-work activities for a period of 24 months. Existing law provides that any month in which certain conditions exist shall not be counted as one of the 24 months of participation.
- 3) States the Legislature's intent to create a program in California that provides a LIHEAP service benefit, through the LIHEAP block grant, to all recipient households of CalFresh, the state's version of the federal Supplemental Nutrition Assistance Program (SNAP).
- 4) Establishes the Local Revenue Fund (LRF), a continuously appropriated fund, that allocates VLF and sales tax funds, and creates various accounts and subaccounts within that fund, including the Health Subaccount and the Social Services Subaccount, each of which receive funding from the LRF.
- 5) Requires, pursuant to AB 85, a reallocation of funds in the 2013-14 fiscal year and subsequent fiscal years to change the relative percentages of funds from sales tax and VLF fund sources that are allocated to the Health Subaccount and the Social Services Subaccount. Specifically, AB 85 requires permanently redirecting \$1 billion in sales tax allocations from the Social Services Subaccount to the Health Subaccount, and, vice versa, \$1 billion in VLF allocations.
- 6) Requires counties, through a choice of methodologies, to provide specified health services to eligible county residents who are indigent.
- 7) Requires DHCS, in consultation with the counties, to determine the historical low-income shortfall between Medi-Cal and uninsured revenues and the costs incurred by county public hospital health systems for health services to Medi-Cal beneficiaries and uninsured patients.
- 8) Requires DHCS to submit to the Legislature a "fair and reasonable methodology" to allocate three specific funding amounts to determine the historical amounts necessary for the operation of the county public hospital health system formula.

FISCAL EFFECT: According to the Department of Finance, there is no fiscal effect as a result of these largely technical and clarifying changes.

COMMENTS: This bill is necessary in order to codify the Historical Allocation methodology developed and agreed to by DHCS and public hospital systems, in order to fully implement AB 85. The bill also makes numerous technical corrections that will clarify and ease the implementation of health and human services budget trailer bills associated with the 2013-14 Budget.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Andrea Margolis and Nicole Vazquez / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 99 (Budget and Fiscal Review Committee) – As Amended: August 27, 2013

SENATE VOTE: Vote not relevant

SUBJECT: Transportation

SUMMARY: Creates the “Active Transportation Program” which would distribute funding for human-powered transportation projects and programs. Specifically, this bill:

- 1) Defines the goals of the Active Transportation Program as:
 - a) Increasing the proportion of trips accomplished by biking and walking;
 - b) Increasing safety and mobility for non-motorized users;
 - c) Advancing active transportation efforts of regional agencies to achieve the greenhouse gas reduction goals as established pursuant to SB 375 (Chapter 728, Statutes 2008);
 - d) Enhancing Public Health, including the reduction of childhood obesity through the use of program funding, including the use of Safe Routes to Schools programs;
 - e) Ensuring that disadvantaged communities fully share in the benefit of the program; and,
 - f) Providing a broad spectrum of projects to benefit many types of active transportation users.
- 2) Articulates funding for the Active Transportation Program by:
 - a) Specifying the program is funded with all federal Transportation Alternative Program funding, except funds for recreational trails, \$21 million of federal Highway Safety Improvement funds, and State Highway Account funds;
 - b) Allocating forty percent of the funding to metropolitan planning organizations in urban areas with populations above 200,000 in proportion to their relative share of populations
 - c) Allocating 10% of funding for small urban and rural regions with populations below 200,000; and,
 - d) Allocating half the funding to the California Transportation Commission to program for projects on a statewide basis, subject to guidelines.
- 3) Requires the California Transportation Commission to develop guidelines and project selection criteria based upon the goals of the program by:
 - a) Convening a working group of stakeholders to develop the guidelines;

- b) Requiring a minimum of 25% of overall Active Transportation Program funding benefit disadvantaged communities, as defined in the guidelines;
 - c) Specifying that the guidelines must be consistent with the goals of the Active Transportation Program.
 - d) Providing a list of eligible project types and project selection criteria that must be incorporated in the guidelines.
- 4) Requires reporting to the Legislature on the guidelines adopted by CTC and the status of the Active Transportation program.
 - 5) States Legislative intent that the Environmental Enhancement and Mitigation Program fund receive \$7 million per year.
 - 6) Consolidates the Bicycle Transportation Account and the Bikeway Account with the State Highway Account on July 1, 2014.
 - 7) Makes inoperative on July 1, 2014, certain existing statutory provisions relating to the "Safe Routes to Schools" program that contradict language in Active Transportation Program.
 - 8) Contains the reappropriation of \$10 million from the Environmental Enhancement and Mitigation Program Fund to the Secretary of the Natural Resources Agency for grants awarded by the Secretary to support local environmental enhancement and mitigation programs.

FISCAL EFFECT: This bill allocates federal and state transportation funding already contained within the 2013-14 budget and will not require additional resources or costs to implement.

COMMENTS: This budget trailer bill makes statutory changes necessary to implement the Active Transportation Program, which changes the way the State allocates funds for various human-powered transportation activities and programs. The Administration proposed this new program in the January 2013 budget proposal, but due to the complex nature of the programs, and the scope of the changes proposed, the Legislature chose to defer action on this proposal when adopting the June 15th budget package and instead froze funds for these purposes and inserted intent language that the program would be developed before the end of the 2014 Legislative Session.

The new Active Transportation Program will divide the \$129.5 million for active transportation projects between the State and Regions subject to guidelines that will be adopted by the California Transportation Commission. This replaces the current system of small-dedicated grant programs, which fund programs like Safe Routes to Schools, bicycle programs, and recreational trails. The intent of combining this funding is to improve the flexibility of these funds and reduce the administrative burden of having several small independent grant programs.

The Active Transportation Program, as articulated in this bill and in budget bill provisions contained in SB 95/AB 101 differs from the Administration's initial proposal in several areas. These changes reflect compromises reached with various stakeholders and mirror concerns raised about the proposal in budget hearings. Among these changes:

- Funding for the Environmental Enhancement and Mitigation Program continues to remain a stand-alone programs administered by the Natural Resource Agency instead of being consolidated in the Active Transportation Program.
- The Safe Routes to Schools program is guaranteed at least \$24 million of funding from the Statewide Active Transportation Program funds for three years. Of this amount, at least \$7.2 million is available for non-infrastructure program needs including the continuation of technical assistance by the State. In the original proposal, the Safe Routes to Schools program had no funding minimum.
- This proposal includes a requirement that 25% of all program funds benefit disadvantaged communities, an addition to the January proposal.
- The State will not exercise its option to opt out of using federal funds transportation funds for recreational trails, which was initially part of the administration's proposal. In addition, the Department of Park and Recreation will retain \$3.4 million of federal funds for recreational trails.

REGISTERED SUPPORT / OPPOSITION:

Support

None on File.

Opposition

None on File.

Analysis Prepared by: Christian Griffith / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 100 (Budget and Fiscal Review Committee) – As Amended: August 28, 2013

SENATE VOTE: Not relevant

SUBJECT: General Government

SUMMARY: This bill contains technical corrections to the general government related trailer bills adopted as part of the overall budget package in June of 2013. Specifically, this bill:

- 1) Updates the Enhancing Law Enforcement Activities Subaccount allocation (ELEAS) percentages to ensure that all funds (\$489.9 million) are allocated as intended.
- 2) Removes the requirement to collect information on the number of felons who would have been subject to the sentencing provisions contained in paragraph (5) of subdivision (h) of Section 1170 if felony probation had not been granted. SB 75 (Committee on Budget and Fiscal Review), Chapter 31, Statutes of 2013, required counties to provide all required data in order to be eligible for the grants. However, prior to SB 75, counties were not required to collect this information. If this requirement is not removed, numerous counties would be ineligible for grants provided pursuant to SB 678 (Leno and Benoit), Chapter 608, Statutes of 2009, and SB 75.
- 3) Extends the sunset date for the Juvenile Interstate Compact from July 1, 2014, to July 1, 2016. The Juvenile Interstate Compact ensures the supervision and placement of juvenile offenders living outside of California.
- 4) Provides clarification to the provisions related to the Population Research Unit, which determines the census tracts for unemployment and poverty statistics.
- 5) Revises the provisions allowing an eligible taxpayer to claim an income tax credit for the sales or use tax paid in connection with the purchase of qualified property to be used in an enterprise zone and a targeted tax area prior to January 1, 2014, by extending the time period, within which the taxpayer is required to place the property in service, from January 1, 2014, until January 1, 2015. This bill would also make other clarifying changes to those provisions.
- 6) Clarifies that an officer or employee of nonprofit entities subject to taxation pursuant to Section 501(c)(5) are subject to the same exemptions as an officer or employee of entities subject to taxation pursuant to Section 501 (c)(3) for purposes of Government Code Section 1090 (b)(1).
- 7) Specifies that the Director of Governor's Office of Business and Economic Development shall serve as the chair of the California Competes Tax Credit Committee and clarifies that neither an Assembly Member nor State Senator may be appointed to serve on the Committee.

FISCAL EFFECT: Unknown.

COMMENTS: This bill is necessary in order to make technical corrections to budget trailer bills adopted in June of 2013.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 101 (Budget and Fiscal Review Committee) – As Amended: August 27, 2013

SENATE VOTE: Not relevant

SUBJECT: Health-related appropriations and technical corrections

SUMMARY: This bill contains technical corrections to health-related budget trailer bills adopted as part of the overall budget package in June of 2013. This bill also appropriates private foundation funding, and corresponding federal matching funds, that the state has received from The California Endowment for purposes related to compensating Medi-Cal application assisters and providing counties with grants to conduct outreach to populations eligible for Medi-Cal. Specifically, this bill:

- 1) Authorizes the Department of Health Care Services (DHCS), until July 1, 2017, to liquidate the prior years' encumbrances previously obligated by the former Department of Alcohol and Drug Programs (DADP).
- 2) Requires the State Controller to transfer specified Budget Act appropriations from the former DADP to DHCS in order to liquidate prior years' encumbrances.
- 3) Authorizes the Department of Public Health (DPH), until July 1, 2017, to liquidate the prior years' encumbrances previously obligated by the Office of Problem and Pathological Gambling (within the former DADP).
- 4) Requires the State Controller to transfer specified Budget Act appropriations from the Office of Problem and Pathological Gambling to DPH in order to liquidate prior years' encumbrances.
- 5) Clarifies procedures regarding the use of emergency regulations by the California Health Facilities Financing Authority (CHFFA) in the implementation of the Investment in Mental Health Wellness Act of 2013. Specifically, requires any emergency regulations to be adopted in accordance with the Administrative Procedure Act and to be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.
- 6) Creates the Healthcare Outreach and Medi-Cal Enrollment Account in the Special Deposit Fund within the State Treasury, to collect and allocate non-General Fund public or private grant funds, to be appropriated by the Legislature, for outreach to and enrollment of targeted Medi-Cal populations and to compensate application assisters, consistent with statute adopted through SB 82 (Budget Act of 2013 budget trailer bill, Chapter 23, Statutes of 2013).
- 7) Appropriates to DHCS \$28 million (\$14 million from the Healthcare Outreach and Medi-Cal Enrollment Account; \$14 million Federal funds) for compensation to Medi-Cal application assisters.
- 8) Appropriates to DHCS \$25 million (\$12.5 million from the Healthcare Outreach and Medi-Cal Enrollment Account; \$12.5 million Federal funds) to provide for outreach and enrollment grants to eligible entities (as specified in Chapter 23 of 2013).

- 9) Authorizes DHCS to expend up to \$500,000 annually in 2013-14, 2014-15, and 2015-16 to implement sections 70 and 71 of Chapter 23, Statutes of 2013, which requires DHCS to accept funding from The California Endowment for the purpose of compensating Medi-Cal application assisters and making outreach and enrollment grants.
- 10) Sunsets this section of law, that creates the Healthcare Outreach and Medi-Cal Enrollment Account, appropriates funds to DHCS from this account, and contains related provisions, on June 30, 2018.
- 11) Establishes that this bill is a bill related to the Budget Bill and that it shall take effect immediately.

EXISTING LAW

- 1) Transfers the duties, powers, purposes, functions, responsibilities, and jurisdiction of the former DADP to DHCS.
- 2) Transfers the duties, powers, purposes, functions, responsibilities, and jurisdiction of the Office of Problem and Pathological Gambling to DPH.
- 3) Requires, within the Investment in Mental Health Wellness Act of 2013, that funds appropriated by the Legislature to the CHFFA be made available to selected counties to increase capacity for client assistance and services in crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and mobile crisis support teams.
- 4) Authorizes CHFFA to adopt emergency regulations regarding the implementation of the Mental Health Wellness Act grants for counties.

FISCAL EFFECT: Appropriates \$53 million (\$26.5 million in private foundation funding and \$26.5 million in federal funds).

COMMENTS: This bill is necessary in order to make technical corrections to budget trailer bills adopted in June 2013. It is also necessary in order to appropriate the funds being given to the state by The California Endowment, to create an account to receive those funds, and to specify a cap on the amount of the funds available for administration of this program.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Andrea Margolis / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 102 (Budget and Fiscal Review Committee) – As Amended: August 27, 2013

SENATE VOTE: Vote not relevant

SUBJECT: Addenda to Memoranda of Understanding involving 12 state bargaining units

SUMMARY: Approves side agreements recently entered into by the administration and state bargaining units 1, 3, 4, 5, 7, 11, 12, 15, 17, 18, 19, and 20. These agreements amend existing Memoranda of Understanding (MOUs) but do not constitute new MOUs. Specifically, this bill:

- 1) Authorizes an addendum for Bargaining Unit 12, employees of the Department of Water Resources. This addendum authorizes salary increases, effective July 1, 2013, for certain rank and file and supervisor classifications at DWR to assist with short term critical retention needs. Increases range from 17.9% to 37.4%. Two classifications, Electrical Mechanical Testing Technician and the Control System Technician, will be consolidated into one, the Hydroelectric Plant (HEP) Technician I, II, III, pending approval by the State Personnel Board (SPB). The total amount of funding needed for ratification is \$18.3 million. This agreement affects approximately 534 positions. Increases will be staged for retirement purposes as follows: after July 1, 2013 and before July 1, 2014, any pay increase will not be used to determine final compensation; after July 1, 2014 and prior to July 1, 2015, 50% of the salary increase shall be used to determine final compensation. Effective July 1, 2015 and continuing thereafter, the entire salary increase shall be used to determine final compensation.
- 2) Authorizes addenda for Bargaining Units 1, 4 and 7, employees of the Department of Motor Vehicles. These addenda authorize salary increases, effective July 2, 2013, for certain rank and file and supervisor classifications based on a review that recommended classification and salary restructuring. The majority of these employees will receive a 7.5% increase and approximately 200 will receive a 1.5% increase. The total amount of funding needed for ratification is \$26.8 million. This agreement affects approximately 5,375 rank and file positions and 1,167 related excluded employees.
- 3) Authorizes an addendum for Bargaining Unit 5, employees of the California Highway Patrol. This addendum is a result of a statutory salary survey for CHP rank and file highway patrol officers. However, the 5.9% salary increases have been previously codified in provisional language in the 2013 Budget Act. This ratification is specifically for reimbursement increases for specified expenses incurred while traveling on state business, per the Joint Legislative Budget Committee letter dated August 5, 2013. While these expenses have been included in the department's budget, they have not been expressly authorized by the Legislature, according to the JLBC, and therefore require approval. No new appropriation is needed.
- 4) Authorizes addenda for Bargaining Units 1, 3, 4, 11, 12, 15, 17, 18, 19, and 20, employees of the Lanterman Developmental Center. These agreements address the layoff and relocation of staff. This will provide \$3,500 per qualified employee for those who relocate to another position within the Department of Developmental Services (DDS), which has already been included in the department's budget. While these expenses have been included in the department's budget, they have not been expressly authorized by the Legislature, according to the JLBC, and therefore require approval. No new appropriation is needed.

EXISTING LAW Ralph C. Dills Act requires the Legislature to approve any agreement that results in the expenditure of funds not already approved by the Legislature through an MOU, the budget act or some other legislative vehicle.

FISCAL EFFECT: These agreements could result in an expenditure of \$45.1 million in the Budget Act of 2013.

COMMENTS: This bill authorizes four side agreements involving 12 bargaining units. Two of the agreements are authorizing agreements with costs that have already been included in departmental budgets.

With regard to the salary increases and classification change at DWR, the administration is seeking to resolve a longstanding recruitment and retention issue at hydroplant facilities. High vacancy rates have led to difficulties in fully operating the State Water Project.

Salary increases at the DMV are the result of a review of current classifications' workload at DMV offices that was required by a 2007 MOU. These classifications, on average, were paid 8 to 22% less than similar employees in other areas of state government. These increases also reflect the increasing complexity of work assignments in modernized DMV offices.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

Analysis Prepared by: Mark Martin / BUDGET / (916) 319-2099

Date of Hearing: August 29, 2013

ASSEMBLY COMMITTEE ON BUDGET

Nancy Skinner, Chair

SB 105 (Budget and Fiscal Review Committee) – As Amended: August 27, 2013

SENATE VOTE: Vote not relevant.

SUBJECT: Court Ordered Prison Population Reduction.

SUMMARY: Provides for statutory changes necessary to implement the Governor's plan for immediate population reductions in California State Correctional facilities and long-term solutions that are cost effective and protect public safety. Specifically, this bill:

- 1) Requires the Administration to immediately begin working with stakeholders, including the Legislature, in developing long-term cost effective solutions that protect public safety. Requires the Administration to report to the Legislature on these solutions no later than January 10, 2015 (approximately 16 months from the expected enactment of this bill).
- 2) Authorizes the California Department of Corrections and Rehabilitation to transfer inmates to private correctional facilities outside of California without the consent of the inmate. This provision is repealed effective January 1, 2017.
- 3) Authorizes the state to act expeditiously in hiring current employees of California City Correctional Center as employees of the California Department of Corrections and Rehabilitation. This provision is repealed effective January 1, 2017.
- 4) Authorizes the California Department of Corrections and Rehabilitation to establish a correctional officer training academy for the purpose of training correctional staff in support of the California City Correctional Center. This provision is repealed effective January 1, 2017.
- 5) Temporarily defines the California City Correctional Center, located in California City, as an agency or jurisdiction. This provision is repealed effective January 1, 2017.
- 6) Suspends the statutorily required closure of the California Rehabilitation Center, located in Norco California, pending a review of inmate housing capacity needs conducted by the Department of Finance and the California Department of Corrections and Rehabilitation.
- 7) Clarifies that all state inmates who remain housed in county jails are under the sole legal custody and jurisdiction of the Sheriff or corresponding official having jurisdiction over the facility. This provision is repealed effective January 1, 2017.
- 8) Authorizes state inmates housed in local facilities to participate in programs of the facility including but not limited to work furlough rehabilitation programs upon notice of the Secretary of Corrections. This provision is repealed effective January 1, 2017.
- 9) Authorizes the state to act expeditiously in contracting with private and public entities to house inmates inside of California. This provision is repealed effective January 1, 2017.

- 10) Authorizes the state to act expeditiously in contracting with private entities to house inmates outside of California. This provision is repealed effective January 1, 2017.
- 11) Authorizes the state to act expeditiously in entering a lease or operating agreement with private entities inside California. Clarifies that the provisions of Division 13 (commencing with Section 21000) of the Public Resources Code (also known as CEQA) do not apply to this provision. This provision is repealed effective January 1, 2017.
- 12) Authorizes the Secretary of the California Department of Corrections and Rehabilitation to waive any process, regulation, requirement, reviews, or approvals required under statutes related to procurement. This provision is repealed effective January 1, 2017.
- 13) Specifies that all contractual obligations are subject to Legislative appropriation.
- 14) Requires a report be submitted to the Department of Finance and the Legislature detailing the number of inmates housed in leased and contracted beds, inside and outside of the state, pursuant to the provisions of this act. Further, the report shall provide the specific number of inmates moved to each facility and shall identify all costs associated with housing these inmates. This report must be submitted no later than April 15, 2014 and again by April 15, 2015.
- 15) Contains a \$315,000,000 (General Fund) appropriation allowing this bill to take effect immediately upon enactment.

FISCAL EFFECT: This bill contains a \$315,000,000 (General Fund) appropriation to the California Department of Corrections and Rehabilitation to fund the provisions of the bill.

COMMENTS: Pursuant to the June 20, 2013 order from the Federal Three Judge Panel presiding over the Plata/Coleman v. Brown case, California is required to reduce its prison population to 137.5% of system-wide design capacity by December 31, 2013.

The Governor's Plan, as contained in the provisions of this measure, will not result in the early release of a single inmate. There are two basic components of the plan: an immediate plan and a long-term plan. The immediate plan will allow California to comply with the Court's order, without releasing a single inmate early. The long term plan will develop off of existing reforms and develop additional evidence based, cost effective solutions that protect public safety. According to the Administration, the immediate plan will solve a gap of approximately 12,500 inmates. This will be accomplished with the following:

- 1) Maintaining, in out-of-state facilities, approximately 4,000 inmates that are currently out-of-state;
- 2) Housing approximately 1,100 inmates in Community Correctional Facilities in California;
- 3) Housing approximately 1,000 inmates at the California City Correctional Facility, a private facility in California City, California;
- 4) Housing approximately 600 inmates at county jails; and,
- 5) Housing the balance necessary in out-of-state facilities.

The goal will be to house as many inmates in state as possible. However, in order to increase the housing capacity as soon as possible, it is likely that inmates will first be transferred out of state before the in state options are fully available.

The long term plan will also begin immediately, with a process involving stakeholders and the Legislature in assessing the state prison system including capacity needs, population levels, recidivism rates, and factors affecting crime levels. The Administration is required to report to the Legislature in 16 months (January 10, 2015) on balanced solutions that are cost effective and protect public safety.

It is important to note that the California prison population has been reduced by 42,000 inmates since 2006.

REGISTERED SUPPORT / OPPOSITION:

Support

California Correctional Peace Officers Association
California District Attorneys Association
California Highway Patrol
California Police Chiefs Association
California State Association of Counties
California State Sheriffs' Association
Chief Probation Officers of California
Crime Victims Action Alliance and Crime Victims United
Los Angeles County Sheriffs' Department
League of California Cities
Peace Officers Research Association of California

Opposition

None on file.

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