

**Assembly Budget Committee Hearing**  
**Monday, June 26, 2023**  
**2023 Budget Package**

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SENATE THIRD READING  
SB 102 (Committee on Budget and Fiscal Review)  
As Amended June 26, 2023

## SUMMARY

Amends the 2023 Budget Act to implement a three-party budget agreement between the Governor and the two houses of the Legislature: Specifically, this bill:

Amends many budget items to reflect expenditure reductions, increases, and provisional language agreed to as part of the budget package.

## COMMENTS

SB 101 (Skinner) was enrolled on June 15, 2023 and reflects the budget agreement between the two houses of the Legislature. This bill amends that bill to adjust it to changes requested by the administration, with the intent that both bills will be signed together to constitute the three-party budget agreement. Because this second budget bill is smaller than the 1084-page long main budget bill, this bill is sometimes called a “Budget Bill Junior” by legislative staff.

This analysis was written on Friday June 23, 2023 before all of the provisions of the bill were finalized and a comprehensive scoring of the budget package was available. Staff intends to update this analysis on June 24, 2023 to add more detail once the bill is in print.

Very preliminary figures suggest the resulting budget bill will have slightly higher reserves than either assumed in the May Revision or the legislature’s budget, as articulated in SB 101. A full scoring is expected to be available before the scheduled Assembly Budget Committee hearing on June 26, 2023 and will be updated in this analysis before that time.

### According to the Author

This bill is essential to implement the 2023 budget agreement.

### Arguments in Support / Opposition

None on file.

## FISCAL COMMENTS

No definitive fiscal information is yet available, but staff expect to update this section before this analysis is published for Monday’s budget hearing.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

CONSULTANT: Christian Griffith / BUDGET / (916) 319-2099    VERSION: June 26, 2023

## SUMMARY

This bill amends the Budget Acts of 2021-22 and 2022-23 to reflect the three-party budget agreement for 2023. Specifically, this bill:

### Major Provisions

- 1) Amends the Budget Act of 2022-23 to:
  - a) Clarify that the Judicial Council may use funding provided in the budget for the interstate judicial training program;
  - b) Delay the report on the Veterans Healing Veterans program at the Department of Corrections and Rehabilitation until December 1, 2027;
  - c) Include provisional language on the use of \$40 million General Fund, already provided in the Budget Act of 2022, to the Department of Corrections and Rehabilitation for community correctional reentry centers;
  - d) Provide \$60 million Greenhouse Gas Reduction Fund to the California Energy Commission for the Equitable Building Decarbonization Program;
  - e) Identify \$343.1 million of funding already included for the Department of Education in the Budget Act of 2022 for child care rate increases pursuant to the 2023 budget package education trailer bill and \$20,000 for related administrative costs;
  - f) Extend the encumbrance deadline for the Department of Education for school bus training and acquisition, transition services for disabled students, mathematics curriculum, assistance to basic aid districts impacted by wildfires, and litigations costs related to the COVID-19 pandemic;
  - g) Include \$654,000 of additional federal funds for language acquisition services at the Department of Education;
  - h) Make technical changes to legislative priorities included in the Budget Act of 2022;
- 2) Amends the Budget Act of 2021-22 to:
  - a) Adjust provisional language related to the Individualized Education Program to raise the amount of indirect cost rate for the contract entity to exempt the contract from the public contract code; and
  - b) Extend the encumbrance and expenditure period, until June 30, 2024, for funding provided in the Budget Act of 2021-22 to the Department of General Services for the

STEM Teacher Grant Recruitment program to allow funds to be used for local assistance and administrative costs.

## COMMENTS

On June 15, 2023, the Legislature passed SB 101 (Skinner), which represented the Legislature's budget agreement for 2023-24. This bill makes changes to the Budget Acts of 2021-22 and 2022-23 and reflects the budget agreement between the Legislature and the Administration.

A bill amending a budget act is sometimes referred to as a "Budget Bill Junior" because it is a smaller version of the 1,000 page long budget bill. The resulting amendments contained in this bill are mostly technical and any changes to funding are reflected in the overall scoring of the 2023 budget package.

### According to the Author

This bill is necessary to reflect the overall enactment of the 2023 budget agreement.

### Arguments in Support

None on file.

### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This bill provides \$128.7 million in additional funding (\$13.5 million General Fund) for the 2022-23 budget. This funding is assumed within scoring of the overall 2023 budget three-party agreement.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Christian Griffith / BUDGET / (916) 319-2099

FN:

## SENATE THIRD READING

SB 114 (Committee on Budget and Fiscal Review)

As Amended June 26, 2023

### SUMMARY

This is the TK-12 Education Omnibus Trailer Bill for the 2023-24 Budget Act. This bill implements changes to public school funding, including to the Local Control Funding Formula, various one-time Block Grants and competitive grants, and major changes to the Universal Transitional Kindergarten implementation timelines and funding.

### Major Provisions

This bill:

(1) Revises the alternative education grant for County Offices of Education by increasing the base grant component by a multiplier of 1.33, revising the calculation of average daily attendance for purposes of the alternative education grant with a three-year rolling average, and establishing add-ons of \$200,000 for each county office of education that operates a juvenile court school and \$200,000 for each county office of education that operates a county community school. The bill would require the Superintendent to allocate \$3,000 per unit of average daily attendance for a Student Support and Enrichment Block Grant, as provided. The bill would make these provisions applicable commencing with the 2023–24 fiscal year.

(2) Increases the minimum County Office of Education grant amount for differentiated assistance by \$100,000.

(3) Increases the add-on for the Los Angeles County Office of Education’s anti-bias program by \$1,000,000.

(4) Delays the Superintendent’s report deadline, to convene a statewide interest holder workgroup to provide recommendations on best practices for increasing access to high-quality universal preschool programs for 3- and 4-year-old children offered through a mixed-delivery model that provides equitable learning experiences across a variety of settings, to be no later than March 31, 2024.

(5) Authorizes the Department of Education (CDE) to allocate or prorate unexpended funds in the California Prekindergarten Planning and Implementation Grant Program, as specified.

(6) Requires a local educational agency that contracts with a third party to operate before and after school programs as part of the Expanded Learning Opportunities Program to require the third party to (A) notify the local educational agency of any health- or safety-related issues, as specified, and (B) to request from parents or guardians pupil health information, as provided.

(7) Authorizes participating parties, in connection with securing financing or refinancing of projects, or working capital, as defined through the California School Finance Authority, to elect to guarantee or provide for payment of the bonds and related obligations in accordance with specified conditions to elect to participate in a local intercept by sending to the county treasurer, or other appropriate county fiscal officer, a request for the county to participate. If the county agrees to participate, the bill would require the county treasurer or other county fiscal officer to make an apportionment or revenue transfer, as provided. This bill would limit the authorization of

school districts and county offices of education with qualified or negative financial certifications to intercept

(8) Delays \$550 million in funding for the California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program to the 2024-25 budget year, and extends the time that the above described appropriated funds are available for encumbrance or expenditure by the board until specified dates during specified fiscal years, thereby making an appropriation.

(9) Delays \$1,590,595,000 in 2021-22 budget year funding for the Learning Recovery Emergency Fund in the State Treasury for the purpose of receiving appropriations for school districts, county offices of education, charter schools, and community college districts related to the state of emergency declared by the Governor on March 4, 2020, relating to the COVID-19 pandemic. Maintains \$6,345,405,000 in the Fund, thereby making an appropriation. Changes local education agency (LEA) report interim expenditures to the department to December 15, 2024, and annually thereafter, with a final report on expenditures by December 15, 2029.

(10) Changes the procedure required under the uniform complaint process for teacher misassignment complaints, to define a misassignment as a teacher who lacks credentials or training to teach English learners and is assigned to teach a class with one or more English learner pupils in the class.

(11) Deletes the requirements that the Controller's audit guide include instructions for procedures for determining if there are any unspent funds associated with the completion of a Charter School Facilities Program project, a Career Technical Education Facilities Program project, and a project where the local educational agency received hardship funding, as provided.

(12) Extends the Proposition 98 segment split waiver to the 2023–24 fiscal year.

(13) Clarifies that the new Home to School transportation reimbursement funding provisions are inapplicable to a school district with an approved districtwide charter petition.

(14) Appropriates \$300,000,000 in ongoing funds from the General Fund to the Superintendent of Public Instruction for allocation for a new Local Control Funding Formula Equity Multiplier apportionment, which the bill would establish, based on a school site's socio-economic disparity rate and non-stability rate, as defined. The bill requires the funding to be allocated to eligible local educational agencies, as defined, on a per-unit basis of a schoolsite's total prior year adjusted cumulative enrollment, as specified, and would require an eligible schoolsite to receive not less than \$50,000 annually for purposes of this apportionment. The bill would require the State Department of Education to submit an annual report to the relevant policy and fiscal committees of the Legislature, the State Board of Education, and the Department of Finance that includes specified information on pupil outcomes from the apportionment, as provided.

(15) Clarifies employee wage overpayment processes, to require the school employer to notify the school employee in writing of an overpayment and specified rights, deleting the authorization for a school employer to require full repayment through payroll deductions for overpayments that have occurred for more than one year, revising the limits for installment payments, as specified, and, if a school employee disputes the existence or amount of a school employer's claimed overpayment, requiring the school employer to first initiate a legal action and obtain a court order or a binding arbitration decision validating the claimed overpayment amount, as specified.

(16) Revises the teacher misassignment process, including, requiring the CDE to provide the Commission on Teacher Credentialing (CTC) with educator assignment data necessary to annually identify educator assignments, including assignments filled by individuals on preliminary or clear credentials, intern credentials, permits or waivers, misassignments, and vacant positions at local educational agencies. The bill requires the CTC to ensure local educational agencies have access to the results of the accountability system's process of assignment monitoring, publish annual certificated educator assignment data that reflects the level of preparation and licensure of educators serving California pupils, and support the department in providing annual updates that provide comprehensive information on teaching assignment outcomes inclusive of all educator classifications at the schoolsite, school district, and county level.

(17) Requires the CTC, on or before September 30, 2023, to examine and determine how it can ensure that transcripts will be reviewed for all candidates requiring determinations of basic skills or subject matter competence in order to complete their credentialing requirements, and, by November 15, 2023, provide recommendations on ways in which efficient transcript review can be provided to all candidates who require determinations.

(18) Repeals the CTC Test Development and Administration Account in the Teacher Credentials Fund, and commencing July 1, 2023, requires all fees collected by the commission for tests, examinations, or assessments to instead be deposited in the Teacher Credentials Fund. The bill requires the Department of Finance to annually recommend to the Legislature, as part of the budget review process, an appropriate credential fee sufficient to generate revenues necessary to support the operating budget of the commission plus a prudent reserve, as provided.

(19) Requires the CTC to issue a comparable professional credential to any United States military service member or their spouse or domestic partner, or a surviving spouse or domestic partner of a service member who died while serving as an active duty member of the Armed Forces of the United States in the previous 12 months, who, among other things, possesses and provides proof of a valid, out-of-state, unexpired, professional-level credential. The bill would limit a comparable credential issued under these provisions to be valid only for the duration of those military orders, except as provided.

(20) Requires the CTC to exempt specified preliminary multiple subject credential candidates and preliminary single subject credential candidates from the requirement, and any accompanying regulations, to complete a teaching performance assessment, as provided.

(21) Revises the Teacher Residency Grant Program to require a residency candidate to agree to serve in any public school or publicly-funded preschool in California for at least 4 school years, increases the amount of the grants to up to \$40,000 per residency candidate, requires LEAs receiving an award during and after the 2023–24 fiscal year to provide residency candidates with a minimum compensation package of no less than \$20,000, and extends by 2 years the deadline for the CTC report to December 1, 2029.

(22) Specifies the license-exempt status of the Expanded Learning Opportunities Program, and requires the Superintendent, in consultation with the State Department of Social Services, to establish a process and a timeline for local educational agencies operating expanded learning opportunity programs pursuant to these provisions and California state preschool program providers to annually submit program access information, for purposes of Community Care Licensing Division data collection and submission. The bill requires third party contractors for LEA Expanded Learning Opportunities Programs to provide reporting and maintain existing licensed capacity. The bill authorizes LEAs, for the 2021–22 fiscal year, to instead expend or

encumber the funds from the Superintendent from the 2021–22 fiscal year to the 2023–24 fiscal year, inclusive, and, for the 2023–24 fiscal year, would authorize those local educational agencies to instead expend or encumber the funds received from the Superintendent from the 2022–23 and 2023–24 fiscal years.

(23) Extends certain necessary small school funding provisions to school districts where a school eligible for necessary small school funding was destroyed as a result of a state of emergency that was declared by the Governor in August 2021 by authorizing school districts to continue to report the amount of attendance generated by pupils enrolled in another school of the school district that would have otherwise attended the destroyed school, and the number of full-time teachers employed by the school district that would have otherwise provided instructional services at the school, as if the school were operational in the 2023–24 fiscal year, as provided.

(24) Delays the start of the Universal Transitional Kindergarten requirement that a school district or charter school maintain an average of at least one adult for every 10 pupils for transitional kindergarten classrooms at each schoolsite until the 2025–26 school year, and would replace the requirement that this provision be contingent upon an appropriation of funds with legislative intent to fully fund the ratio change. The bill delays until August 1, 2025, the deadline for a credentialed teacher first assigned to a transitional kindergarten classroom after July 1, 2015, to meet statutory criteria.

(25) Authorizes a school district or charter school to enroll an early enrollment child, as defined, in a transitional kindergarten program if specified conditions are met, including, among others, that any classroom that includes an early enrollment child maintains an adult-to-pupil ratio of at least one adult to every 10 pupils, and would penalize a school district or charter school that fails to meet at least one of certain requirements, as provided. The bill makes these provisions inoperative on July 1, 2025.

(26) Prohibits the state board from waiving all or part of certain laws relating to kindergarten and transitional kindergarten admission.

(27) Authorizes the state board to reverse charter school renewal decisions only upon a determination that there was an abuse of discretion by both the school district and the county board of education. Requires all charter schools whose term expires on or between January 1, 2024, and June 30, 2027, inclusive, to have their term extended by one additional year. Extends the prohibition on approving a petition for the establishment of a new charter school offering nonclassroom-based instruction by 1 year to instead be until January 1, 2026. Requires, no later than March 1, 2024, the Legislative Analyst’s Office and the County Office Fiscal Crisis and Management Assistance Team to report to the appropriate fiscal and policy committees of the Legislature, the Department of Finance, the State Department of Education, and the executive director of the state board on the processes used to determine funding for nonclassroom-based charter schools. Extends the date at which a charter school meeting the definition of an acquiring charter school would no longer be regarded as a continuing charter school by one year to instead be July 1, 2026, and would make conforming changes to extend related provisions.

(28) Requires memoranda of understanding between county probation agencies and county offices of education to include an evaluation for each ward to determine educational needs and ability to participate in all educational settings within 2 business days, or under extraordinary circumstances up to 5 days, of the ward entering the local juvenile facility, and a transition plan for when the ward reenrolls at a local educational agency postplacement that would be required to be transferred to the postplacement local educational agency within 2 business days of the youth being enrolled



in the postplacement local educational agency. The bill requires the CDE to annually report specified information relating to pupils in juvenile court schools on its internet website. The bill requires the department to enter into a contract for an independent evaluation of county juvenile court schools and county community schools, as provided, and to provide a report on that evaluation to the Legislature, the executive director of the state board or their designee, and the Director of Finance on or before November 1, 2025. The bill requires the Superintendent to convene a workgroup, as specified, and provide recommendations, on meeting the needs of pupils with disabilities who enroll in juvenile court schools operated by county offices of education, and would require the workgroup to, among other things, examine existing law and current practices regarding the education of pupils with disabilities enrolled in county juvenile court schools and county community schools and make recommendations on improvements, as provided.

(29) Requires county probation departments to offer online or in-person higher education options in juvenile facilities, as specified, in collaboration with a county office of education, and in partnership with the California Community Colleges or the California State University, or in voluntary partnership the University of California, as provided.

(30) Commencing with the 2023–24 fiscal year, and for each fiscal year thereafter, appropriates \$3,500,000 from the General Fund to the State Department of Education for allocation to county offices of education for the purpose of purchasing and maintaining a sufficient stock of emergency opioid antagonists for school districts and charter schools within their jurisdiction to maintain a minimum of two units at each middle school, junior high school, high school, and adult school schoolsite, as provided. The bill authorizes the department to allocate up to \$350,000 of those funds to county offices of education for administrative costs, as provided, and requires, as a condition of receipt of these funds, county offices of education to, among other things, coordinate the purchase of and maintain a stock of emergency opioid antagonists, as provided.

(31) Makes clarifying changes to how the CDE reimburses local educational agencies that participate in the federal School Breakfast Program and National School Lunch Program for all nonreimbursed expenses accrued in providing United States Department of Agriculture reimbursable meals to pupils, as provided.

(32) Specifies that the exemption from all coursework and other graduation requirements applies to an individual with exceptional needs who entered the 9th grade in the 2022–23 school year or later and revises the eligibility criteria for an alternative diploma pathway, as provided.

(33) Requires the Student Aid Commission to provide the California College Guidance Initiative with the discrete data necessary to inform the educator reports available through a specified internet website.

(34) Revises a template for a local control and accountability plan (LCAP) and an annual update to the LCAP for use by school districts, county boards of education, and charter schools to, among other things, require a summary of the stakeholder engagement process, including stakeholders at schools generating Local Control Funding Formula Equity Multiplier funding, as specified. This bill revises and recasts provisions involving the contents of these instructions to, among other things, require these instructions to specify that school districts, county offices of education, and charter schools are required, commencing with 2024–25 local control and accountability plans to include certain actions in the LCAP when a school or pupil group within a local educational agency, or a pupil group within a school, received the lowest performance level on one or more state indicators on the California School Dashboard, as provided, and, for local educational agencies receiving Local Control Funding

Formula Equity Multiplier funding, specific goals for each school generating that funding, as provided.

(35) Requires for county offices of education, the local control funding formula budget overview for parents to additionally and separately address county office of education add-on funding provided for purposes of juvenile court schools, funding provided for county community schools, and for the Student Support and Enrichment Block Grant, as specified.

(36) Requires a charter school to present a report on the annual update to the LCAP and the local control funding formula budget overview for parents on or before February 28 of each year at a regularly scheduled meeting of the governing body of the charter school, as provided. This bill requires the superintendent of a school district or the county superintendent of schools, before a governing board of a school district or a county board of education considers the adoption of an LCAP or an annual update to the plan, to present a report on the annual update to the LCAP and the local control funding formula budget overview for parents on or before February 28 of each year at a regularly scheduled meeting of the governing board of the school district or the county board of education, as specified. The bill requires the superintendent of the school district or the county superintendent of schools present the LCAP or annual update to the LCAP instead to any applicable advisory committee, including the parent advisory and English learner parent advisory committee, for review and comment, as provided.

(37) Adds long-term English learners, as defined, to the single multiple measures public school accountability system intended to measure the overall performance of numerically significant pupil subgroups in schools, including charter schools, school districts, and county offices of education, as provided.

(38) Requires the public reporting of performance data on state and local indicators via the web-based system to be completed on or before certain dates for the prior school year and would require timelines associated with the collection of data through the California Longitudinal Pupil Achievement Data System to be adjusted to support these public reporting dates, as specified.

(39) Requires the superintendent of a school district and a county superintendent of schools to prominently post on the homepage of the school district's internet website any LCAP approved by the governing board of the school district and the county superintendent of schools, as specified.

(40) Extends LCAP requirement provisions to a county superintendent of schools with jurisdiction over a single school district.

(41) Requires school districts and county offices of education that meet specified criteria to include in the LCAP or annual update to an LCAP the actions and services that implement the work related to technical assistance for improving the outcomes of the pupil group or groups that lead to the school district or county office of education to meet the specified criteria.

(42) Requires the county superintendent of schools to provide technical assistance for any school district that fails to submit specified data to the department, as provided. The bill requires, for any school district that meets the certain performance criteria for 3 or more consecutive years, the school district's geographic lead agency, in collaboration with the county superintendent of schools, to provide technical assistance to the school district, as provided.

(43) Requires the Superintendent, for any county office of education for which one or more specified pupil subgroups meets the certain performance criteria, to instead provide technical

assistance for a minimum of 2 years, as provided. The bill requires the Superintendent to additionally provide technical assistance for any county office of education that fails to submit specified data to the department, as provided.

(44) Requires, by March 1, 2024, the California Collaborative for Educational Excellence and the department to select, subject to approval by the executive director of the state board and as a result of a competitive process, local educational agencies, or a consortium of local educational agencies, to serve as Equity Leads within the system of support, as provided. The bill prescribes the competitive process for selecting Equity Leads and requires the Equity Leads selected to demonstrate a willingness and capacity to, among other things, develop and disseminate resources on effective practices for analyzing programs, identifying barriers and opportunities, and implementing actions and services to meet the identified needs of all pupils, including by addressing racial disparities. The bill requires Equity Leads to have certain responsibilities, including, among others, to support the work of local educational agencies, prioritizing those with schools receiving Local Control Funding Formula Equity Multiplier funding, as specified, in developing and implementing programs and supports that address racial disparities in opportunities and academic outcomes.

(45) Clarifies that only a school district, county office of education, or charter school that is eligible for certain technical assistance may request the advice and assistance of the California Collaborative for Educational Excellence, as provided. The bill authorizes the County Office Fiscal Crisis and Management Assistance Team to request the advice or assistance of the California Collaborative for Educational Excellence and requires the County Office Fiscal Crisis and Management Assistance Team to reimburse the California Collaborative for Educational Excellence for the cost of those services pursuant to authority provided in the annual Budget Act, as provided.

(46) Requires the California Collaborative for Educational Excellence, in consultation with certain providers of technical assistance and the school district or the county office of education, as applicable, to determine if assistance from the California Collaborative for Educational Excellence is necessary, as provided. The bill authorizes the Superintendent, subject to the approval of the state board, to identify county offices of education and school districts in need of intervention if the California Collaborative for Educational Excellence determines that the county office of education or school district, as applicable, has failed, or is unable, to implement the recommendations of the California Collaborative for Educational Excellence or that the inadequate performance of the county office of education or school district, based upon a specified rubric, as applicable, is either so persistent or acute as to require intervention by the Superintendent.

(47) Requires a partnership to include providing fiscal support to partner organizations to support their capacity for meaningful collaboration and implementation of the Community Engagement Initiative.

(48) Extends the Bilingual Teacher Professional Development Program, administered by the department in consultation with the Commission on Teacher Credentialing, for teachers seeking to provide instruction in bilingual and multilingual settings, through the 2027-28 fiscal year. The bill would, for the 2023–24 fiscal year, appropriate \$20,000,000 from the General Fund to the Superintendent for purposes of the program, to be available for grants totaling \$4,000,000 each fiscal year, from the 2023–24 fiscal year to the 2027–28 fiscal year, inclusive.

(49) Requires the state board to appoint an independent panel of experts on or before January 31, 2024, to create an approved list of screening instruments for assessing pupils in kindergarten and

grades 1 and 2 for risk of reading difficulties, as provided. The bill requires the panel to approve the list of screening instruments on or before December 31, 2024, and requires the governing board or body of a local educational agency serving pupils in kindergarten or grades 1 or 2 to adopt one or more screening instruments from the list on or before June 30, 2025. The bill requires a local educational agency serving pupils in kindergarten or grades 1 or 2 to, commencing no later than the 2025–26 school year, and annually thereafter, assess each pupil in those grades using the adopted screening instrument, except as provided. If a pupil is identified as being at risk of having reading difficulties after being screened pursuant to these provisions, the bill requires the local educational agency to provide the pupil with supports and services, as provided.

(50) Extends the prohibition on a governing board of a school district from electing to submit a local plan for the education of all individuals with exceptional needs residing in the district for the purpose of creating a single district special education local plan area, as provided by 2 years until July 1, 2026. The bill requires the Superintendent to post all local plans submitted by each special education local plan area on the department’s internet website.

(51) Requires, for the 2023–24 fiscal year, each special education local plan area to, at minimum, allocate special education funding to all of its member local educational agencies equal to the total sum of base grant funding allocated to all of its member local educational agencies in the 2022–23 fiscal year multiplied by the sum of one plus a certain inflation factor for the 2023–24 fiscal year, and then multiplied by the sum of one plus the percent change in funded average daily attendance of its member local educational agencies from the 2022–23 fiscal year to the 2023–24 fiscal year, as provided.

(52) Applies the existing prohibition on the use of results of interim assessments from being used for any high-stakes purpose, including, among other specified uses, school staff evaluations or pupil grade promotion or retention, to any interim assessments offered by the department to local educational agencies.

(53) Requires local educational agencies to submit data according to the processes and timelines established by the department, as provided.

(54) Authorizes the California College Guidance Initiative (CCGI) to provide its services to all local educational agencies and requires the department to notify local educational agencies of the additional use of CalPADS data and advise local educational agencies to include in their annual parent notifications, as required by the federal Family Educational Rights and Privacy Act of 1974, information about CalPADS and CCGI data, as provided.

(55) Expands the Golden State Teacher Grant Program under the administration of the Student Aid Commission to award grants to students who commit to work for 4 years at California preschool programs, as defined. The bill requires the Student Aid Commission to provide one-time grant funds of up to \$10,000 to each enrolled student in a private postsecondary educational institution qualified for the program under these provisions, as specified.

(56) Extends the encumbrance period for \$15,000,000 from the General Fund to the Superintendent for the department and the California Collaborative for Educational Excellence, with approval from the executive director of the state board, to designate a county office of education to identify and curate a repository of high-quality open educational resources for use by local educational agencies to June 30, 2025, thereby making an appropriation.

(57) Delays \$1,000,000,000 in prior appropriations from the General Fund to the State Air Resources Board for the Hybrid and Zero-Emission Truck and Voucher Incentive Project to fund zero-emission schoolbuses to replace heavy-duty internal combustion schoolbuses owned by local educational agencies, as specified.

(58) Appropriates \$1,960,500,000 from the General Fund to the State Allocation Board for new construction and modernization projects under the Leroy F. Green School Facilities Act of 1998, as provided. The bill authorizes the Department of General Services to charge against either of those appropriations, the administrative costs, not to exceed \$15,000,000, incurred to implement the appropriation.

(59) Revises the list of specified school best practices for kitchen funding and food purchasing, as provided, that local educational agencies are authorized to expend those funds on, and would make a corresponding change to the eligibility criteria that the State Department of Education, in consultation with the Department of Food and Agriculture, is required to develop.

(60) Reduces the prior appropriation of \$3,560,885,000 from the General Fund to the State Department of Education for the 2022–23 fiscal year to establish the Arts, Music, and Instructional Materials Discretionary Block Grant, by \$200,000,000 to instead be \$3,360,885,000.

(61) Revises the Literacy Coaches and Reading Specialists Grant Program by, among other things, requiring the recipient local educational agencies and the Superintendent to submit interim reports before the final reports, as provided. The bill requires the Superintendent to submit the interim and final reports submitted by recipient local educational agencies to a certain selected entity to conduct an independent evaluation, as provided. The bill prohibits the above-described funds from being used to support the salaries of existing literacy coaches and reading specialists.

(62) Appropriates \$250,000,000 from the General Fund to the Superintendent to augment the Literacy Coaches and Reading Specialists Grant Program to allocate moneys to eligible schoolsites, as defined, that did not receive moneys under the initial program to develop school literacy programs, employ and train literacy coaches and reading and literacy specialists, and develop and implement interventions for pupils in need of targeted literacy support.

(63) Allocates \$118,810,000, for purposes of the federal Stronger Connections Grant Program, in order to support local educational agencies to implement Multi-Tiered Systems of Support activities, as specified. This bill requires the Superintendent to award, subject to approval by the executive director of the state board, grants on a competitive basis to eligible local educational agencies pursuant to the requirements of the federal program, as provided. The bill requires grant funds to be used to establish safe, healthy, and supportive learning opportunities and environments in schools, as specified to include, among other things, implementation of high quality integrated academic, behavioral, and social emotional learning practices or services aligned to the Multi-Tiered System of Support.

(64) Requires the Legislative Analyst's Office, by no later than March 15, 2024, to provide recommendations to the Department of Finance, the State Board of Education, and the relevant fiscal and policy committees of the Legislature for changes to the local control and accountability plan for county offices of education or, to the extent feasible, recommendations for alternative reporting requirements outside of the local control and accountability plan, as provided.

(65) Requires the Commission on Teacher Credentialing to establish the Diverse Education Leaders Pipeline Initiative program for the purpose of providing grants to local educational agencies to train, place, and retain diverse and culturally responsive administrators in transitional kindergarten, kindergarten, and grades 1 to 12, inclusive, to improve pupil outcomes and meet the needs of California’s education workforce, as provided. The bill requires the commission to award grants to local educational agencies of up to \$30,000 per administrator candidate. The bill requires an administrator candidate for whom a grant is awarded to agree in writing to serve in a public school in California for a period of at least 2 school years.

(66) Appropriates \$1,000,000 from the General Fund to the department to create, in consultation with the executive director of the state board, a Literacy Roadmap to help educators apply the state’s curriculum framework to classroom instruction, navigate the resources and professional development opportunities available to implement effective literacy instruction, and improve literacy outcomes for all pupils with a focus on equity, as provided.

(67) Appropriates \$100,000 for the 2023–24 fiscal year to the Superintendent for allocation to the Sacramento County Office of Education to, in consultation with the executive director of the state board and the department, update distance learning curriculum and instructional guidance for mathematics in alignment with the state-adopted mathematics framework.

(68) Appropriates \$7,000,000 from the General Fund to the Superintendent to be made available to support local educational agencies electing to implement the restorative justice best practices, as specified.

(69) Appropriates \$148,000 on-going from the General Fund to the department for the maintenance and support of the Local Control and Accountability Plan Electronic Template System and a specified database and reporting interface, as provided.

(70) Appropriates \$100,000 from the General Fund to the department to contract with a specified independent evaluator to extend the evaluation of certain technical assistance, including by examining and analyzing California School Dashboard data, as provided.

(71) Appropriates \$1,000,000 from the General Fund to the Superintendent to, in consultation with the executive director of the state board, award no less than \$1,000,000 as grants to community-based organizations to support local educational agencies with the implementation of high-quality integrated academic, behavioral, and social-emotional learning practices.

(72) This bill also would delete obsolete provisions, make conforming changes, and make technical changes.

## **COMMENTS**

### **According to the Author**

#### **Arguments in Support**

None on file.

#### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

Appropriates \$1,960,500,000 one-time from the General Fund to the State Allocation Board for new construction and modernization projects under the Leroy F. Green School Facilities Act of 1998, \$3,500,000 on-going to the CDE for allocation to county offices of education emergency opioid antagonists, \$2,000,000 on-going to the CDE to be awarded to local educational agencies serving as Equity Leads, as specified, \$20,000,000 one-time for the Bilingual Teacher Professional Development Program, administered by the department in consultation with the Commission on Teacher Credentialing, , \$1,000,000 one-time to the Superintendent for the state board to appoint the panel for the purpose of creating an approved reading screener, \$250,000,000 one-time to the Superintendent to augment the Literacy Coaches and Reading Specialists Grant Program to allocate moneys to eligible schoolsites, \$1,000,000 from the General Fund to the department to create, in consultation with the executive director of the state board, a Literacy Roadmap, and \$100,000 one-time for the Sacramento County Office of Education to update distance learning curriculum and instructional guidance for mathematics in alignment with the state-adopted mathematics framework.

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Erin Gabel / BUDGET / (916) 319-2099

FN:

## **SUMMARY**

This bill is the implementation trailer bill for the first year of funding Proposition 28, The Arts and Music in Schools—Funding Guarantee and Accountability Act established for the purpose of providing a minimum source of annual funding for arts education in public schools.

### **Major Provisions**

This bill:

- (1) For purposes of the Arts and Music in Schools—Funding Guarantee and Accountability Act, defines a preschool pupil as a pupil enrolled in the California state preschool program or a pupil 3 years of age through 5 years of age enrolled in a preschool program for pupils with exceptional needs in a local educational agency.
- (2) Deems the enrollment of economically disadvantaged preschool pupils to equal the enrollment of preschool pupils in the prior fiscal year times the same percentage of pupils that are economically disadvantaged at the elementary schoolsite with the highest percentage of economically disadvantaged pupils in the prior year within the preschool’s local educational agency. If there is no elementary school within the preschool’s local educational agency, the enrollment of economically disadvantaged preschool pupils would instead be deemed to equal the enrollment of preschool pupils in the prior fiscal year times the same percentage of pupils that are economically disadvantaged at the elementary schoolsite with the highest percentage of economically disadvantaged pupils in the prior year within the preschool’s county.
- (3) Requires unexpended funds to revert to the department, including in the event of a closure of a charter school, as provided. The bill requires local educational agencies to report to the department, by October 1, the amount of unexpended funds following the conclusion of the 3-year-expenditure period, and would authorize the department to withhold the release of a local educational agency’s allocation for the fiscal year in which the expenditure report is due until that local educational agency has submitted the expenditure report, as provided.

## **COMMENTS**

### **According to the Author**

#### **Arguments in Support**

None on file.

#### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

Appropriates \$148,000 on-going from the General Fund to the department for the maintenance and support of the Local Control and Accountability Plan Electronic Template.



## VOTES

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Erin Gabel / BUDGET / (916) 319-2099

FN:

## SENATE THIRD READING

SB 116 (Committee on Budget and Fiscal Review)

As Amended June 26, 2023

Majority vote

### SUMMARY

This bill is the Early Childhood Education omnibus trailer bill for the Budget Act of 2023-24. This bill authorizes the Department of Social Services to develop and conduct an alternative methodology, in order to inform reimbursement rates for state-subsidized childcare and development services; Extends the COVID-19 era hold harmless policy for child care program and preschool reimbursement, to September 30, 2023; Streamlines state preschool eligibility determination; Delays the implementation state preschool special needs service setaside increases by 2 years; Changes the childcare and preschool family fee structure, to no more than 1% of the family's monthly income for families above 75% of the state median family income; Suspends the statutory cost-of-living adjustment for all childcare and preschool programs, in deference to a system reimbursement rate increase, subject to bargaining.

### Major Provisions

(1) Clarifies that a license-exempt childcare provider is not required to submit rate sheets, and authorizes the alternative payment program, county, or contractor to reimburse a childcare provider either (A) the applicable rate category that most closely corresponds to the rate category listed on the licensed childcare provider's rate sheet, or (B) if the alternative payment program, county, or contractor cannot determine a single applicable rate category from the licensed childcare provider's rate sheet, or if the license-exempt childcare provider does not have a rate sheet on file, the applicable rate category that results in the higher reimbursement.

(2) Suspends the annual cost-of-living adjustment for the reimbursement rate for the California State Preschool Program for the 2023-24 and 2024-25 fiscal years, and instead states the intent of the Legislature that any adjustment in the 2023-24 and 2024-25 fiscal years related to reimbursement for programs funded pursuant to these provisions align with the ratified agreement, entered into by the Governor and Child Care Providers United - California, and be subject to future legislation.

(3) Authorizes changes to how the alternative payment program, county, or contractor determines family income fluctuation. The bill allows a family to choose to provide up to the 12 preceding months of income information as necessary for purposes of determining income eligibility or calculating a family fee, and requires that the family monthly income be determined by averaging the total countable income from 2 months, as applicable based on the income provided, to determine income eligibility or calculating a family fee, operative on January 1, 2024.

(4) Requires the Department of Social Services (DSS), in collaboration with the Department of Education, to develop and conduct an alternative methodology, as specified, in order to inform reimbursement rates for state-subsidized childcare and development services. The bill requires the DSS to develop and conduct a survey of market rates for childcare services if the alternative methodology is not approved by the United States Department of Health and Human Services, Administration for Children and Families.

(5) Extends the COVID-19 era hold harmless policy for child care program and preschool reimbursement, and requires contracting agencies operating various childcare and development programs and preschool programs to be reimbursed the lesser of 100 percent of the contract maximum reimbursable amount or net reimbursable program costs, as specified, from July 1, 2023, to September 30, 2023, inclusive, pursuant to guidance released by the State Department of Social Services, or the Superintendent of Public Instruction, as specified.

(6) Streamlines state preschool eligibility determination, and requires the 3rd priority for services to be given to eligible 3- and 4-year old children who are not enrolled in a state-funded transitional kindergarten program, and revises the remaining priorities accordingly.

(7) Changes the childcare and preschool family fee structure, and prohibits family fees from being based on the cost of care or amount of subsidy payment. The bill authorizes the forgiveness of family fees that accrued but were uncollected prior to October 1, 2023. The bill, commencing October 1, 2023, prohibits family fees from exceeding 1% of the family's monthly income and prohibit a family with an adjusted monthly family income below 75% of the state median family income from being assessed a family fee. The bill appropriates \$56,000,000 from the General Fund to the DSS for family fees waived or reduced pursuant to those provisions.

(8) Delays the implementation state preschool special needs service set-aside increases by 2 years, so that at least 7.5% of funded enrollment would be required to be reserved for children with exceptional needs commencing July 1, 2025, to June 30, 2026, inclusive, and at least 10% of funded enrollment would be required to be reserved for children with exceptional needs commencing July 1, 2026.

(9) Requires the DSS to promote full utilization of childcare and development program funds and match available unused funds with identified service needs, and to arrange interagency adjustments between different contractors with the same type of contract when both agencies mutually agree to a temporary transfer of funds for the balance of the fiscal year.

(10) Exempts certain records of state agencies related to activities governed by the Building a Better Early Care and Education System Act, which generally authorizes collective bargaining by family childcare providers, as specified.

(11) Extends the sunset date for the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma, as individual pilot projects, to develop and implement an individualized county childcare subsidy plan, as specified, to July 1, 2024.

(12) Suspends the statutory cost of living adjustment for special education and childcare and development programs for the 2023–24 and 2024–25 fiscal years, except as specified, and instead states the intent of the Legislature that any adjustment in the 2023–24 and 2024–25 fiscal years related to reimbursement for programs funded pursuant to these provisions align with the ratified agreement, entered into by the Governor and Child Care Providers United - California, and be subject to future legislation.

## COMMENTS

### According to the Author

None on file.

### Arguments in Support

None on file.

### Arguments in Opposition

None on file.

## FISCAL COMMENTS

Appropriates \$56,000,000 from the General Fund to the DSS for family fees waived or reduced pursuant to those provisions.

Creates general fund and Proposition 98 savings in the Budget Year and 2024-25 due to preschool set-aside delays.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Erin Gabel / BUDGET / (916) 319-2099

FN:

## SUMMARY

This bill makes necessary changes to implement the higher education provisions adopted as a part of the Budget Act of 2023.

### Major Provisions

- 1) ***Higher Education Student Housing Grant Program.*** Specifies University of California (UC), California State University (CSU), and California Community College (CCC) campuses to receive funding in the next round of the program and shifts the fund source for prior, new, and future construction projects from General Fund to bonds.
- 2) ***Student Housing Revolving Loan Fund (Fund).*** Includes \$200 million General Fund in 2023-24 and \$300 million annually from the 2024-25 to 2028-29 fiscal years per year for the purposes of this program. The Fund, created in the Budget Act of 2022, will provide zero-percent interest loans to qualifying campuses of the UC, CSU, and CCC for construction of affordable housing projects.
- 3) ***Debt Free College for CCC current and former foster youth.*** Amends the Student Success Completion Grant so that students who are current or former foster youth receive \$5,250 per semester, or quarterly equivalent, for 12-15 units of study to cover their unmet need.
- 4) ***Debt Free College for UC and CSU current and former foster youth.*** Covers the total cost of attendance for CSU and UC students who are current or former foster youth by providing these students with their full Middle Class Scholarship (MCS) award amount.
- 5) ***MCS Clean Up.*** Commencing with the 2023-24 academic year, exempts emergency housing assistance and emergency basic needs assistance that are only in excess of the student contribution amount of \$7,898 from the MCS award calculation. Commencing with the 2024-25 academic year, incorporates in the calculation of MCS award amounts, institutionally operated non-need-based scholarships in the category of scholarships that are only in excess of the student contribution amount of \$7,898. Adds clarification language to ensure that a student's gift aid does not exceed the allowable gift aid under federal regulations.
- 6) ***California Student Aid Commission Regulatory Authority for MCS.*** Authorizes the Commission to adopt regulations, as it deems necessary, for the implementation of MCS.
- 7) ***CCC Growing, Educating and Maintaining the Nursing Workforce.*** Appropriates, subject to future legislation, \$60 million per year for five years, starting in the 2024-25 fiscal year to expand nursing programs and Bachelor of Science in nursing partnerships to grow, educate, and maintain the next generation of registered nurses through the community college system.
- 8) ***Recruitment and Retention Initiatives Reduction.*** Reduces the amount scored to 2022-23 from \$150 million to \$94.163 million Proposition 98 General Fund.

- 9) ***Deferred Maintenance Reduction.*** Includes a net reduction of \$494.281 million one-time Proposition 98 General Fund based on reductions and appropriations scored to the 2021-22, 2022-23, and 2023-24 fiscal years.
- 10) ***CCC Flexible Spending.*** Allows districts to spend remaining amounts for the following purposes flexibly: 1) Recruitment and retention initiatives, 2) all purposes within the \$650 million CCC COVID-19 Recovery Block Grant that was included in the 2022 Budget Act, and 3) the CCC Deferred Maintenance categorical program. Conforms funding for these purposes to the final Proposition 98 package adopted in the budget agreement.
- 11) ***CCC Strong Workforce Program (SWP).*** Clarifies that districts may use their SWP funds (1) to enhance student services, (2) to cover fees charged by a third party for student certifications and licensing, and (3) for work-based learning.
- 12) ***CCC Students on Board of Governors (Board) support.*** Provides the Chancellor's Office with the authority to provide student members of the Board of Governors \$4,000 in financial assistance per semester, or quarterly equivalent, for each year of a student member's term. This financial assistance shall be in addition to any need-based financial assistance from other sources, as well as any private grants and scholarships that the student receives.
- 13) ***Online and Hybrid Education Review and Recommendations.*** Appropriates \$500,000 Proposition 98 General Fund to the Chancellor's Office of the CCC to enter into a memorandum of understanding with a third-party research institution to conduct a systematic review of online and hybrid education at community colleges throughout the state.
- 14) ***Cal Fresh campus-county data sharing.*** Requests information from CCC campuses about current data sharing agreements with counties to improve student access to the Cal Fresh program and efforts to enact data-sharing agreements.
- 15) ***Cal Grant Priority Application Deadline Extension.*** Extends the Cal Grant priority deadline given the pending but delayed launch of new simplified, federal Free Application for Federal Student Aid (FAFSA) forms. The federal FAFSA Simplification Act will be a significant overhaul of the processes and systems used to award federal student aid starting with the 2024–25 award year. Traditionally, Oct. 1, 2023 would be the launch date for the 2024-25 FAFSA period but recent communications with the state suggest that a delay to January 1, 2024 could occur. Because of the delayed launch and uncertainty, a filing period that is up to three months shorter may occur and result in more students without Cal Grant that would have otherwise qualified.
- 16) ***AB 132 (Committee on Budget), Chapter 144, Statutes of 2021 Sunset Extension.*** Includes trailer bill language that amends Section 66021.9 of the Education Code by extending by four years, until June 30, 2027, the ability for UC to provide scholarships from non-state funds to students. This was previously extended in AB 132 until June 30, 2023.
- 17) ***Los Angeles Community College District Small Business Entrepreneurship and Innovation Center at East Los Angeles College.*** Appropriates \$2.5 million Proposition 98 General Fund to support this center.

- 18) ***Cohort Default Rate for Cal Grant Institutional Eligibility.*** Requires the California Student Aid Commission to use the cohort default rate from 2020 (instead of the most recent rate) to determine whether an institution is eligible to participate in the Cal Grant program in the 2024-25 award year. Institutions are required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.
- 19) ***Cal Grant Private, Nonprofit Award Clarification.*** Clarifies that the maximum award amount is maintained at \$9,358 in 2023-24.
- 20) ***CCC Full-Time (FT) Faculty.*** Requires community college districts, as a condition of receiving funding for FT Faculty, to report its progress in increasing the percentage of instruction by full-time faculty and in diversifying faculty. Requires the Chancellor's Office to, no later than May 30 of each year, synthesize the information received from the districts into a systemwide report to be posted on a public website. Requires the Chancellor's Office to establish and implement a process that verifies that district expenditures related to FT Faculty are used for that purpose. Finally, requires colleges to expand their use of best practices in terms of Equal Employment Opportunity programs to promote faculty diversity by directing the Chancellor's Office to ensure that districts are performing analyses needed to identify and determine the causes of any underrepresentation in the faculty they hire.
- 21) ***Miscellaneous technical changes.*** Makes a technical, non-substantive change to a 2021 Budget Act appropriation through UC.
- 22) ***CalKIDS Marketing Campaign.*** Provides \$8 million from previously allocated funding to support a statewide integrated marketing campaign comprised of advertising, public relations, and community outreach elements, including a focus on low-income and disadvantaged communities.
- 23) ***CalKIDS Seed Deposits and Technical Clarification.*** Increases the amount the Scholarshare Board can provide in seed grants for newborns from \$25 to \$100 and clarifies legislative intent that the state Department of Public Health and the Scholarshare Board enter into a data-sharing agreement that promotes data privacy and security.

## COMMENTS

This bill is a budget trailer bill within the overall 2023-24 budget package to implement actions related to higher education, and makes various appropriations.

### According to the Author

This bill is a budget trailer bill within the overall 2023-24 budget package to implement actions related to higher education, and makes various appropriations.

### Arguments in Support

None on file

### Arguments in Opposition

None on file

## **FISCAL COMMENTS**

This bill is a budget trailer bill within the overall 2023-24 budget package to implement actions related to higher education, and makes various appropriations.

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Mark Martin / BUDGET / (916) 319-2099

FN:



## **SUMMARY**

This is a budget bill which is necessary to implement various provisions of the Budget Act of 2023.

### **Major Provisions**

This budget trailer bill implements various provisions included in the 2023 Budget Act, affecting the budgets of the California Health and Human Services Agency, Covered California, and the Departments of Health Care Access and Information, Health Care Services, Managed Health Care, Public Health, and State Hospitals. Specifically, this bill:

#### ***Mandatory Use of Standardized Forms***

- 1) Requires the Department of Managed Health Care (DMHC) to develop standard templates for the disclosure form and evidence of coverage, to include, among other things, standard definitions, benefit descriptions, and other information determined by the department director to support the goal of providing fair disclosures of the provisions of a health care service plan.
- 2) Requires DMHC to consult with the Department of Insurance and interested stakeholders in developing the templates.
- 3) Requires health care service plans to use the standard templates beginning January 1, 2025.
- 4) Authorizes DMHC to develop standard templates for a schedule of benefits, an explanation of benefits, a cost-sharing summary, or any similar document, and authorizes DMHC to require health care service plans to use the standard templates.

#### ***Opioid Settlements Fund Transfer***

- 5) Adds Mallinckrodt Pharmaceuticals to the requirement of the Controller to, upon order of the Director of Finance, transfer funds received in the Litigation Deposits Fund (LDF) allocated to the state for state opioid remediation from the 2022 opioid settlements to the Opioid Settlements Fund (OSF).
- 6) Requires funds received from the settlements outlined in statute or from future judgments, bankruptcies, or settlements that are not deposited in the LDF to be deposited into the OSF.
- 7) Requires the Controller to transfer funds received in the LDF from the 2023 opioid settlements with manufacturers Teva Pharmaceutical Industries Ltd. and Allergan, and pharmacies CVS, Walgreens, and Walmart, to the OSF.
- 8) Requires the Controller to transfer funds received in the LDF from any future judgments, bankruptcies, or settlements pursuant to future Budget Act appropriation to the OSF.

- 9) *Medical provider Interim Payment Loan Authority.* Increases the General Fund loan amount to up to ten percent of the amount appropriated from the General Fund to Medi-Cal for benefit costs from the most recent fiscal year, from the current amount of \$2 billion, in order to make payments to Medi-Cal providers during a fiscal year for which a budget has not yet been enacted or there is a deficiency in the Medi-Cal budget.

### ***988 Suicide and Crisis Line***

- 10) Specifies that mental health and substance use disorder treatment includes behavioral health crisis services that are provided by a 988 center, mobile crisis team or other provider of behavioral health crisis services.
- 11) Prohibits a health care service plan or health insurer from requiring prior authorization for behavioral health crisis stabilization services and care, but authorizes prior authorization for medically necessary mental health or substance use disorder services following stabilization from a behavioral health crisis addressed by services provided through the 988 system.
- 12) Requires a health care service plan or health insurer that is contacted by a 988 center, mobile crisis team, or other provider of behavioral health crisis services to, within 30 minutes of initial contact, either authorize post-stabilization care or inform the provider that it will arrange for the prompt transfer of the enrollee's care to another provider.
- 13) Requires the plan or insurer to reimburse a provider for post-stabilization care in specified circumstances, including if the plan or insurer did not respond within 30 minutes to authorize care or arrange for transfer.
- 14) Requires plans and insurers to prominently display on their websites their authorization phone numbers for non-contracting providers, and requires DMHC to post these phone numbers on its website.
- 15) Revises the statutory definition of "988" as the 3-digit telephone number designated by the Federal Communications Commission for the purpose of connecting individuals experiencing a behavioral health crisis with the national suicide prevention and mental health hotline system in accordance with specified federal law, and removes "crisis receiving services" from the definition of "behavioral health crisis services."
- 16) Requires the California Health and Human Services Agency to create, by December 31, 2023, a set of recommendations to support a 5-year implementation plan for a comprehensive 988 system.
- 17) Extends the deadline for the 988 advisory group recommendations to December 31, 2024; requires the advisory group to meet once per quarter until December 31, 2024; prohibits the group from disbanding before January 1, 2025; and revises the information required in the recommendations.
- 18) Removes the requirement on the Agency to report annually to the Legislature on the status of 988 implementation. Requires the Agency to instead post implementation updates on its website until December 31, 2029.

- 19) Allows the 988 surcharge revenue to be used to pay state departments for their costs in administering the 988 Suicide & Crisis Lifeline before disbursement of the revenue to the Office of Emergency Services for purposes of the 988 Act.
- 20) Requires the 988 State Suicide and Behavioral Health Crisis Services Fund to consist of any other appropriations made to it by the Legislature.
- 21) Authorizes the Legislature to consider additional uses for the revenue generated by the 988 surcharge based on recommendations made by the Agency and 988 advisory group.
- 22) Revises the priority uses for 988 surcharge revenues.
- 23) Requires the expenditure and outcomes report to include information regarding billing to, and reimbursement by, health care service plans or insurers, beginning January 1, 2030, and measures of system performance, beginning July 1, 2025.

#### ***Covered California Health Care Affordability Reserve Fund***

- 24) Requires moneys collected from the Individual Shared Responsibility Penalty to be deposited into the Health Care Affordability Reserve Fund beginning July 1, 2023, and on every July 1 thereafter.
- 25) Authorizes a loan from the Health Care Affordability Reserve Fund to the General Fund upon order of the Department of Finance.
- 26) Removes the authority of the Department of Finance to approve or deny Covered California spending plans with funding appropriated through the annual budget act.

#### ***Radiologic Health Branch Licensing and Certification***

- 27) Revises and recasts provisions relating to the discipline of a radiologic technologist, or a person competent to perform nuclear medicine technology, by, among other things, expanding the list of conduct for which they may be disciplined, including the addition of unprofessional conduct and making or giving a false statement or information in conjunction with the application for establishment of competence.
- 28) Expands the act to apply to any type of radiology, not just mammography, thereby stating that a person who violates, or aids or abets the violation of, provisions relating to radiological technologists is guilty of a misdemeanor, punishable by a fine not to exceed \$5,000 per day, per offense or by imprisonment in the county jail not to exceed 180 days, or by both fine and imprisonment.
- 29) *Removal of Federal Health Facilities Citation Account Limit.* Deletes the \$130,000 limit on the amount of funds from the Federal Health Facilities Citation Penalties Account that can be used, upon appropriation by the Legislature, for the improvement of quality of care and quality of life for long-term health care facility residents.

#### ***Emergency Medical Services Authority (EMSA) Director and Chief Medical Officer***

- 30) Removes the statutory requirement that the director of EMSA be a licensed physician with substantial experience in the practice of emergency medicine.

- 31) Requires EMSA to have a chief medical officer that is appointed by the Governor, who is a physician and surgeon licensed in California who has substantial experience in the practice of emergency medicine or emergency response in California.
- 32) *Physician Orders for Life Sustaining Treatment (POLST) eRegistry*. Deletes the requirement that EMSA incorporate the Advance Health Care Directive Registry into the POLST eRegistry.

### ***Strengthening Oversight of Substance Use Disorder Licensing and Certification***

- 33) Repeals the voluntary certification procedure for alcohol and other drug treatment recovery services, and instead requires those programs to be certified.
- 34) Prohibits a program from offering alcohol and other drug treatment recovery services without certification, and imposes civil penalties on programs that violate these provisions.
- 35) Establishes procedures for: certification, inspections of certified programs, and for revocation of certification from noncompliant programs.
- 36) *Virtual Services for Driving Under the Influence (DUI) Programs*. Requires DHCS to develop regulations by January 1, 2026 governing the provision of alcohol or drug recovery services, within a driving-under-the-influence program, in virtual settings. Authorizes DHCS to implement this by all-county letters, plan letters, information notices or similar instructions, until regulations are promulgated.

### ***CalRx Cleanup – Pharmaceutical Procurement***

- 37) Extends the authority of the California Health and Human Services Agency (Agency) to enter into exclusive or nonexclusive contracts on a bid or negotiated basis, for purposes of the California Affordable Drug Manufacturing Act of 2020, indefinitely.
- 38) Requires Agency to enter into partnerships for the procurement of general prescription drugs, and authorizes Agency to hire contractors to oversee and project-manage these partnerships.
- 39) *Reproductive Health Service Corps*. Adds pharmacists to the list of reproductive health care professionals defined as “reproductive health care professionals” for purposes of the California Reproductive Health Service Corps within the Department of Health Care Access and Information.

### ***Managed Care Organization Provider Tax Expenditures***

- 40) Requires the reimbursement rates for primary care services, obstetric care services, doula services, and certain outpatient mental health services to be the greater of 87.5% of the lowest maximum allowance established by the federal Medicare Program for the same or similar services or the level of reimbursement, on the effective date of any necessary federal approvals and no sooner than January 1, 2024.
- 41) Requires DHCS to annually review and revise the reimbursement rates, and to develop and implement a methodology for establishing rates for these services.

- 42) Requires each Medi-Cal managed care plan to reimburse a network provider providing these services at least the amount the network provider would be paid for those services in the Medi-Cal fee-for-service delivery system.
- 43) Requires DHCS to submit a plan for targeted increases to Medi-Cal payments or other investments, in relation to certain agreed-upon domains, to the Legislature as part of the 2024-25 Governor's Budget. Assumes these payments would be supported by the MCO tax revenue or other state funds, including funds transferred to the Medi-Cal Provider Payment Reserve Fund and the Healthcare Treatment Fund.
- 44) Creates the Medi-Cal Provider Payment Reserve Fund, and requires DHCS to use this funding for targeted increases to Medi-Cal payments or other investments that advance access, quality, and equity for Medi-Cal beneficiaries and promote provider participation in the Medi-Cal program.
- 45) Requires DHCS to provide an annual report to all health plans accounting for the funds deposited in, and expended from, the Medi-Cal Provider Payment Reserve Fund.
- 46) Authorizes the transfer of \$150 million from the Medi-Cal Provider Payment Reserve Fund to the Distressed Hospital Loan Program Fund in 2023-24.
- 47) Authorizes transfers of \$75 million each calendar year to the University of California to expand graduate medical education programs.
- 48) Authorizes the transfer of \$50 million in 2023-24 to the Small and Rural Hospital Relief Fund to support the Small and Rural Hospital Relief Program for seismic assessment and construction.
- 49) Makes these provisions contingent on the enactment of AB or SB 119 which authorizes the new MCO tax.

### ***General Fund Loan for Hospitals***

- 50) Authorizes a loan from the General Fund up to \$150 million for the Distressed Hospital Loan Program, and requires repayment by June 30, 2024.
- 51) Authorizes a loan from the General Fund up to \$50 million for the Small and Rural Hospital Relief Program, and requires repayment by June 30, 2024.
- 52) *Penal Code Chaptering Cleanup.* Makes technical changes to Section 1370 of the Penal Code that were necessitated by changes to these provisions that were enacted by Senate Bill 1223 of the 2021-22 session, but inadvertently removed by a budget trailer bill amending the same section of law.
- 53) *Criminal History Data Sharing.* Authorizes the Department of Justice to furnish state summary criminal history data to the Department of State Hospitals only for specified research and reporting purposes.
- 54) *Fentanyl Program Grant Reporting Requirements.* Moves this program from the California Health and Human Services Agency to the California Department of Public Health

(CDPH), and requires CDPH submit an interim report on the progress of the program by January 1, 2026, and a final report by January 1, 2029.

### ***Enhanced LPS Act Data and Reporting (SB 929)***

- 55) Requires designated and approved mental health facilities to collect and provide specified data related to community mental health services to the county behavioral health director in the county in which they operate, and authorizes a county to establish policies and procedures for this purpose
- 56) Requires data provided by each county behavioral health director to the Department of Health Care Services (DHCS) to include accurate and complete data.
- 57) Authorizes DHCS to assess a civil money penalty against a county that fails to submit data on a timely basis or as otherwise required.
- 58) Establishes an informal appeals process for the civil money penalty and requires DHCS to make a determination on the appeal within 60 calendar days of receipt of the appeal. Authorizes a designated and approved facility or county to request a formal hearing.
- 59) Establishes the Lanterman-Petris-Short Act Data and Reporting Oversight Fund, a continuously appropriated fund, to be administered by DHCS. Requires civil money penalties assessed and collected to be deposited into the fund to be used for specified purposes, and authorizes the Controller to use moneys in the fund for cash-flow loans to the General Fund.
- 60) *Post Eligibility Treatment of Income*. Defines “post-eligibility treatment of income” as the determination of long-term care patient liability for each month the person is in long-term care or as an institutionalized spouse.
- 61) *Asset Test Elimination Cleanup*. Makes various conforming changes to various provisions related to the elimination of the “asset test” as part of the determination of eligibility for Medi-Cal enrollment.

### ***Newborn Hospital Gateway***

- 62) Requires all qualified Medi-Cal providers participating in presumptive eligibility programs to use the Newborn Hospital Gateway system to report a Medi-Cal eligible newborn born in their facilities, within 72 hours after birth, or one business day after discharge, whichever is sooner. Imposes a related requirement on Medi-Cal providers under the Medi-Cal Access Program.
- 63) Requires that the gateway be accessed through existing presumptive eligibility portals.
- 64) Deletes required conditions of sufficient moneys and staff and the 12-month timeline from current law on the Newborn Hospital Gateway and Gateway Fund.
- 65) Makes these changes operative on July 1, 2024, or the effective date of implementation for the Children’s Presumptive Eligibility Program portal, whichever is later.

- 66) Authorizes providers to submit newborn enrollments through the electronic application on behalf of patients without a patient's signature.
- 67) *Drug Medi-Cal Claiming Timelines*. Requires claims for reimbursement of Drug Medi-Cal services to be submitted within 12 months from the date of service, as compared to the current requirement that claims are submitted within 6 months.
- 68) *Acute Inpatient Intensive Rehabilitation Services*. Eliminates the Medi-Cal requirement that inpatient intensive rehabilitation hospital services provide for an initial evaluation for assessment of medical condition, functional limitations, possible need for surgery, attitude toward rehabilitation, functional goals and plans for discharge.

### ***Whole Child Model and Mandatory Managed Care Enrollment of Foster Care Children***

- 69) Expands the authorization to establish a Whole Child Model program to additional specified counties, no sooner than January 1, 2025.
- 70) Extends the operation of the Whole Child Model advisory group until December 31, 2026.
- 71) Requires DHCS, by January 1, 2025, to take certain oversight actions, such as developing utilization and quality measures that relate to California Children's Services (CCS) specialty care and providing analysis regarding trends on CCS enrollment for Whole Child Model counties.
- 72) Requires a managed care plan participating in the Whole Child Model to ensure that a CCS-eligible child has a primary point of contact who shall be responsible for the child's care coordination, and requires a Medi-Cal managed care plan serving children with CCS-eligible conditions to support the referral pathways in non-Whole Child Model counties.
- 73) Mandates enrollment in Medi-Cal managed care for children and youth in foster care who reside in a county operating a Single Plan model of managed care, effective January 1, 2025, and prescribes certain requirements on Medi-Cal managed care plans and DHCS for the transition of this population to managed care, related to continuity of care and continued timely access to care.
- 74) *Codifying Modern Medi-Cal Estimate Practices*. Removes specified requirements on the development and organization of the Medi-Cal Estimate, beginning July 1, 2023, and requires that the Estimate separately identify expenditures for county and other local assistance administration and a narrative description of how those forecasts were prepared.
- 75) *Long-Term Care Facilities Rate Year Shift*. Requires DHCS, beginning January 1, 2024, to adopt a rate year based on the calendar year for intermediate care facilities for the developmentally disabled and facilities providing continuous skilled nursing care to developmentally disabled individuals, nursing facilities, licensed intermediate care facilities, freestanding pediatric subacute care units, and skilled nursing facilities.

### ***Doula Services Implementation Evaluation***

- 76) Delays the required timeline for DHCS to convene a workgroup to examine the implementation of the doula benefit in Medi-Cal, from April 2022-December 2023 to April 2023-June 2025.

- 77) Delays the deadline for DHCS to publish a report relating to Medi-Cal recipients utilizing doula services from July 1, 2024 to July 1, 2025, and delays the repeal date of these provisions to January 1, 2026.
- 78) *Medical Interpreters Pilot Project*. Extends the timeline on the requirement on DHCS to establish a pilot project to evaluate disparities in care related to the availability of medical interpretation, and the expenditure of \$5 million (appropriated in the 2019 Budget Act) from June 30, 2024 to June 30, 2025, thereby making an appropriation.
- 79) *Designated State Health Programs Federal Financial Claiming*. Requires DHCS to maintain Medi-Cal reimbursement rates for primary care, obstetric care, and behavioral health services, and to increase reimbursement rates for those service codes as necessary to meet federally imposed minimum requirements as a condition of claiming federal financial participation for designated state health programs.
- 80) *Delay ICF-DD and Subacute Carve-Ins*. Delays the required transition to managed care, from July 1, 2023 to January 1, 2024, for institutional long-term care services.

#### ***CalAIM Behavioral Health Payment Reform***

- 81) Creates the Medi-Cal County Behavioral Health Fund for the deposit of the nonfederal moneys collected by DHCS pursuant to the implementation of behavioral health payment reform under CalAIM. Requires moneys in the fund to be continuously appropriated to DHCS for purposes of implementing payment reform.
- 82) Stipulates that for counties that elect to participate in the offset and transfer of funds, moneys would be offset and transferred by the Controller in the fund from the Behavioral Health Subaccount in the Support Services Account in the Local Revenue Fund 2011, the Mental Health Subaccount in the Sales Tax Account in the Local Revenue Fund, and the Mental health Services Fund.
- 83) Requires DHCS to provide schedules in accordance with specified procedural steps and timelines.
- 84) Makes legislative findings that these provisions are consistent with, and further the intent of, the Mental Health Services Act.

#### ***Delay of Presumptive Foster Care Mental Health Transfers***

- 85) Delays, from July 1, 2023 to July 1, 2024, the requirement on the county of original jurisdiction to retain responsibility and the limitation on the presumptive transfer provisions related to the presumptive transfer of responsibility for providing or arranging for specialty mental health services to a foster youth from the county of original jurisdiction to the county in which the foster youth resides.
- 86) Extends the period during which a county agency is responsible for making determinations about presumptive transfer waivers.
- 87) Delays the deadline for any necessary federal approval requests to July 1, 2025.



88) *Health Care Workforce Investments Delays*. Modifies and reverts certain proposed delays to 2022 health care workforce investments by including the following new appropriations in the 2023 Budget Act with \$100 million General Fund (GF) and \$182.4 million Mental Health Services Fund (MHSF):

- Social Work Initiative -- \$51.9 million (MHSF)
- Addiction Psychiatric/Medicine Fellowships -- \$48.5 million (MHSF)
- University/College Behavioral Health Workforce Grants -- \$52 million (MHSF)
- Masters in Social Work Slots at Public Universities/Colleges -- \$30 million (MHSF)
- Nursing Initiative Grants -- \$70 million (GF)
- Community Health Workers Initiative Grants -- \$15 million (GF)
- Song-Brown Program Nurses -- \$15 million (GF)

89) *Trailer Bill Boilerplate*. Declares that this bill provides for appropriations related to the Budget Bill and has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

## COMMENTS

This bill is a budget trailer bill that implements provisions of the 2023-24 budget package affecting health-related departments. Specifically, this bill establishes an expenditure plan for new MCO tax revenue, requires all future individual mandate penalty revenue be transferred to Covered California for affordability programs, expands the Whole Child Model to a limited number of counties, revises various provisions in AB 988 (2022), creates a chief medical officer within the Emergency Medical Services Authority, establishes mandatory certification for alcohol and drug treatment providers, and includes many additional provisions related to appropriations in the 2023 Budget Act.

### According to the Author

#### Arguments in Support

None on file.

#### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This bill implements programs and policies associated with the following appropriations in the 2023 Budget Act:

- 988 Suicide and Crisis: \$13.2 million Special Funds and Federal Funds
- Covered California Health Care Affordability Reserve Fund: \$82.5 million for cost sharing, \$600 million loan to the General Fund, and reversion of \$304 million to the General Fund.
- Managed Care Organization Provider Tax: \$19.4 billion in revenue over the life of the tax, \$3.4 billion in General Fund backfill in 2023-24, and approximately \$437 million in 2023-24 expenditures.
- CalAIM Behavioral Health Payment Reform: \$250 million General Fund
- Health Care Workforce Investments: \$100 million General Fund and \$182.4 million Mental Health Services Fund

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Andrea Margolis / BUDGET / (916) 319-2099

FN:

## **SUMMARY**

This is a tax bill which is necessary to implement various provisions of the Budget Act of 2023.

### **Major Provisions**

This bill authorizes a new Managed Care Organization (MCO) Provider Tax, affecting the budget of the Department of Health Care Services.

- 1) Enacts a new MCO Tax and repeals the statute that contains the past, expired MCO Provider Tax.
- 2) Makes findings and declarations related to the value and financial benefit to the state from implementing an MCO Tax.
- 3) Establishes legislative intent that the Department of Health Care Services (DHCS) implement an MCO Tax effective April 1, 2023 that: a) generates more nonfederal funds than the amount generated by the last MCO Tax; b) complies with federal requirements; c) provides funding that supports the health care delivery system, and Medi-Cal in particular; and d) minimizes the need for new reductions to the Medi-Cal program.
- 4) Defines various terms including: base data source, base year, countable enrollee, health care service plan, Medi-Cal per enrollee tax amount, Medi-Cal taxing tier, plan-to-plan enrollee, and tax period, among others.
- 5) Establishes the Managed Care Enrollment Fund in the State Treasury, in which all MCO Tax revenues shall be deposited, and authorizes the Controller to use these funds for cashflow loans to the General Fund.
- 6) Authorizes DHCS to use MCO Tax revenue, upon appropriation by the Legislature, for: a) the nonfederal share of increased capitation payments to Medi-Cal managed care plans, accounting for their projected tax obligation; b) the nonfederal share of Medi-Cal managed care rates for Medi-Cal services; and c) transfers of funds to the Medi-Cal Provider Payment Reserve Fund to support future improvements to the Medi-Cal program.
- 7) Requires DHCS to provide an annual report to all health plans accounting for the funds deposited in, and expended from, the Managed Care Enrollment Fund.
- 8) Requires DHCS to determine specified data for each health plan using the base data source, including, but not limited to, total cumulative enrollment for the base year and total Medicare, Medi-Cal, and plan-to-plan cumulative enrollment for the base year.
- 9) Authorizes the DHCS director to correct any identified material or significant error in the data, and exempts such corrections from being subject to judicial review, with a specified exception.

- 10) Imposes the MCO tax on each health plan from April 1, 2023 through December 31, 2026, and requires DHCS to collect the tax in quarterly installments.
- 11) Prohibits DHCS from collecting the tax before federal government approval has been received. Requires DHCS to certify in writing that federal approval has been received within 10 business days following the date that DHCS receives all necessary federal approvals, and to post the certification on its website and send a copy of the certification to specified state entities.
- 12) Requires DHCS, within 30 business days following the date of receipt of all federal approvals, to send a notice to each health plan (subject to the tax) containing the amount of tax due per tax period and the dates the tax is due.
- 13) Requires health plans to pay the tax in installments, based on a schedule developed by DHCS, that are at least one month apart but no more than one quarter apart.
- 14) Assesses interest on any health plan for any taxes that are not paid on the date due at a rate of 10 percent per annum. Assesses a penalty equal to the total accrued interest charge if a tax payment is more than 60 days overdue.
- 15) Authorizes the director to waive a portion or all of either the interest or penalties assessed if the director determines that the health plan has demonstrated that the interest or penalty has a high likelihood of creating an undue financial hardship or creates a significant financial difficulty in providing services to Medi-Cal beneficiaries. Requires the health plan to agree to make payments on an alternative schedule in order to qualify for such a waiver.
- 16) Requires, in the event of a merger, acquisition, establishment, or any other similar transaction that results in the transfer of health plan responsibility for all countable enrollees under this article from a health plan to another health plan or similar entity, and that occurs at any time during which this article is operative, the resultant health plan or similar entity to be responsible for paying the full tax amount.
- 17) Establishes three taxing tiers, for each tax period, based on countable Medi-Cal and other enrollees as follows: a) tier I consisting of all enrollees from zero to 1,250,000 inclusive; b) tier II consisting of all enrollees from 1,250,000 to 4,000,000 inclusive; and c) tier III consisting of all enrollees greater than 4,000,000.
- 18) Establishes the amount of tax per taxing tier, per time period of the tax, and authorizes DHCS to modify this methodology to the extent that it deems necessary to meet the requirements of federal law or regulations, to obtain or maintain federal approvals, or to ensure federal financial participation is available or not otherwise jeopardized.
- 19) Requires DHCS, if it identifies any needed modifications to the tax methodology, to consult with affected health plans and to notify the plans, the Department of Finance, and the Legislature within 10 days of the modification being implemented.
- 20) Requires DHCS to request approval from the federal Centers for Medicare and Medicaid Services to implement this article, and authorizes DHCS to implement this article by means of provider bulletins, all-plan letters, or other similar instructions without taking regulatory

action. Requires DHCS to notify the Department of Finance and the Legislature within 10 business days of taking any action described above.

21) Requires that this article cease to be operative: a) the first day of the calendar year after the date the director determines the taxes have not met the intent, or that federal approvals for federal financial participation have not been received; or b) for any affected tax period upon a final judicial determination made by a court of appellate jurisdiction or by the federal government that the tax cannot be implemented, and any amount of the tax paid during the affected tax period shall be refunded. Requires the director to post notification of either of these occurrences on the DHCS website and to notify various state entities and the Legislature.

22) Declares this to be an urgency statute, and that it shall go into immediate effect, in order to implement a new MCO tax at the earliest possible effective date to best position the state to maintain and improve access to care, maximize federal financial participation, and minimize the need for any new reductions to the Medi-Cal program.

## COMMENTS

This bill is a tax bill that implements provisions of the 2023-24 budget package affecting health-related departments. Specifically, this bill authorizes a new Managed Care Organization Provider Tax to increase General Fund revenue which is proposed to be used to help balance the budget, increase Medi-Cal provider rates, support distressed and small rural hospitals and make other improvements to the Medi-Cal program.

### According to the Author

#### Arguments in Support

None on file.

#### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This proposed new MCO tax is expected to result in approximately \$19.4 billion in new revenue to the state to help maintain and improve the Medi-Cal program.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Andrea Margolis / BUDGET / (916) 319-2099

FN:

## SUMMARY

This is the Human Services Omnibus Trailer Bill, with statutory changes related to the 2023 Budget Act.

### Major Provisions

This bill does the following:

1. **Summer Electronic Benefit Transfer (EBT) Program.** Requires the California Department of Social Services (CDSS), as the lead agency, in partnership with the State Department of Education, to maximize participation in the Summer EBT benefit program and to share data for the limited purpose of administering this program, including, but not limited to, identifying eligible students and evaluating program outcomes. The Budget includes \$47 million (\$23.5 million General Fund) for Summer EBT outreach and automation costs to implement this program for children who qualify for free or reduced-price school meals beginning summer 2024.
2. **Unlicensed Adoption Agency Enforcement.** Repeals the provisions relating to adoption facilitators and expressly states that an adoption facilitator that continues to operate on or after January 1, 2024 is an unlicensed adoption agency. Prohibits a person or organization from engaging in activities relating to adoption unless the person or organization has a valid and unrevoked license to operate as a licensed adoption agency that is authorized to place children for adoption, or the person or organization is exempt from licensure. Specifies the enforcement mechanisms CDSS will undertake to prevent a person or organization from performing any of the functions of an adoption agency without a valid license.
3. **Office of Systems Integration (OSI) Name Change to the Office of Technology and Solutions Integration.** Makes this name change in various parts of the code. The name change is intended to more accurately reflect the role and responsibilities of this office, which facilitates development and oversees implementation of major technology and automation projects integral to the delivery of social safety net benefits, within the California Health and Human Services Agency.
4. **Short-Term General Fund Loan Authority.** Authorizes the Director of Finance to authorize a loan from the General Fund to the California Health and Human Services Automation Fund of two hundred million dollars (\$200,000,000), if specified requirements are met.
5. **Administrator Certification Section Training Updates.** Deletes the classroom instruction requirement for initial certification and continuing education purposes for administrators of licensed community care facilities, and instead requires instruction that is conducive to learning and allows participants to simultaneously interact with each other as well as with the instructor. Authorizes up to one-half of continuing education hours to be satisfied through self-paced courses, rather than online courses, and make various conforming changes.

6. **Home Care Program Operations.** Revises provisions of the Home Care Services Consumer Protection Act (act) relating to the licensure of home care organizations, including deleting the requirement for a home care organization licensee to provide proof of insurance and bond coverage at the time of renewal. Requires the CDSS to adopt regulations, on or before January 1, 2026, to require biennial inspections to ensure that licensed home care organizations possess those policies. Specifies that a home care organization license that is not renewed expires two years after the date of issuance. Authorizes the CDSS to prohibit an individual from becoming a registered home care aide or remaining registered on the home care aide registry under certain conditions. Authorizes General Fund to be utilized for the program.
7. **Home Care Fund Reporting.** Requires the CDSS to submit a report to the Legislature, by January 10, 2025, on the solvency of the Home Care Fund, including any new resources, and recommendations on a new fee structure that allows the home care program to be self-sustaining or request any additional resource needs. Requires the CDSS, beginning January 1, 2024, to submit quarterly written progress updates, including information regarding progress within the home care program, to the relevant legislative budget subcommittees and the Legislative Analyst's Office. Makes the quarterly update requirements inoperative on January 10, 2025, or when the department delivers the report on the solvency of the Home Care Fund to the Legislature.
8. **California Fruit and Vegetable EBT Pilot Project.** Extends the sunset date of the pilot from January 1, 2024 until January 1, 2027 and removes the requirement that agricultural products be California-grown. Extends the deadline for the CDSS to submit a report including the results of an evaluation of the pilot projects from January 1, 2022, to September 1, 2025. Requires the CDSS to submit a report to the Legislature by March 1, 2026, regarding the transition of the California Fruit and Vegetable EBT Pilot Project to a supplemental benefits program that is fully state-managed, without grantee intermediaries. The Budget Act includes \$9.9 million General Fund (\$500,000 for state operations costs and \$9.4 million for local assistance) one-time for the CalFresh Fruit and Vegetable Pilot.
9. **Tribally Approved Homes Modification.** Deletes a May 1 deadline for Indian tribes to enter into an agreement with CDSS prior to the fiscal year for which funding is requested related to the Tribally Approved Homes Compensation Program. Instead requires an Indian tribe that seeks funding to submit a letter of interest each year to the department by a deadline established by the CDSS.
10. **Tribal Dependency Representation Program Revised Methodology.** Removes the requirement in the Tribal Dependency Representation Program that the adjusted allocation be based on a methodology considering the number of Indian children in foster care or prospective adoptive placements through the juvenile court. Removes the requirement that the allocation plan be established on or before June 30, 2023.
11. **Housing and Homelessness Programs Funding.** Authorizes the CDSS to utilize no more than \$10,500,000 of the combined one-time funds appropriated in the Budget Act of 2021 and the Budget Act of 2022 for the purposes of the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program, to contract with vendors for the purpose of establishing a system to collect data and track outcomes, and to contract with independent evaluation and research agencies to evaluate the impacts of each of those programs. Authorizes a second allocation of \$10.5 million General Fund from the 2022 Budget Act

funds to contract with entities to provide technical assistance for each of the above-stated programs.

12. **Housing and Homelessness Programs Reporting.** Requires, by February 1 of each year, the CDSS to report information on the dollar amounts and contracted entities, the number of requests for service, and the number of families or individuals approved to receive program services as applicable to the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program, as well as certain information about the Community Care Expansion Program. Requires CDSS to provide trend information on housing and homelessness needs of communities served by these programs, showing historical changes and changes over time. The Budget includes \$3.5 million ongoing for permanent positions to fulfill the legislative mandates of these programs and provide critical services to individuals experiencing homelessness.
13. **Grant Option for Deaf Access Program.** Authorizes CDSS to administer the Deaf Access Program via grants to public agencies or private nonprofit corporations, as an alternative to contracts with those entities. Requires those contracts or grants to be competitively bid pursuant to a request for proposals or applications.
14. **Guaranteed Income Pilot Program Payments and Operations.** Exempts all guaranteed income payments from consideration as income or resources for purposes of the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Authorizes the CDSS to implement, interpret, or make specific this provision through all- county letters or similar instructions from the department until regulations are adopted. Authorizes the CDSS to accept and expend funds from any source, public or private, to administer the program. Revises the definition of an eligible entity to also include a tribe, consortium of tribes, or tribal organization, or any combination of these entities.
15. **Guaranteed Income Pilot Program and CalWORKs.** Requires the department's evaluation to include the applicability of the lessons learned from the pilot program for the state's CalWORKs program, with the objective of reaching the goals of improved outcomes for families and children living in poverty.
16. **Reminder Notice for CalWORKs Redetermination.** Beginning July 1, 2024, or on the date that the CDSS notifies the Legislature that the California Statewide Automated Welfare System (CalSAWS) can perform the necessary automation to implement this change, requires, if contact is not made or the annual certificate of eligibility is not completed, the county to send a reminder notice for CalWORKs redetermination to the recipient no later than 5 days prior to the end of the month. Authorizes the CDSS to implement and administer these changes by all-county letter or similar directive until regulations are adopted, and requires the CDSS to adopt regulations implementing the changes no later than July 1, 2025.
17. **Home Visiting Program (HVP) Pregnancy Eligibility Alignment.** Conforms the CalWORKs Home Visiting Program (home visiting program), a voluntary program for the purpose of supporting positive health, development, and well-being outcomes for pregnant and parenting people, families, and infants born into poverty, with enacted statute that provides aid to a pregnant person as of the date of the application for aid. As such, deletes the provision limiting eligibility for the home visiting program with respect to pregnant CalWORKs applicants who have not reached the 2nd trimester. Authorizes the CDSS to



implement and administer these provisions by means of all-county letters or similar instructions from the department until regulations are adopted.

18. **Kin-GAP Program Alignment and Technical Clarifications.** Revises provisions relating to eligibility for Kinship Guardianship Assistance Payments (Kin-GAP) and state Kin-GAP aid by defining “approved home of the prospective relative guardian,” for purposes of those programs, to include specific references to a relative approved as a resource family or a tribally approved home. With respect to state Kin-GAP, also includes within that definition the home of a relative that has been assessed by the juvenile court and into which the court has authorized placement. Revises the definition of a “relative” under Kin-GAP to include an adult who meets the definition of an extended family member under the federal Indian Child Welfare Act of 1978 (ICWA).
19. **CalWORKs AB 85 Maximum Aid Payment Increase.** Commencing on October 1, 2023, increases the maximum aid payment (MAP) levels in effect on July 1, 2023, by 3.6%. This has an estimated cost of \$111.2 million in 2023-24. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.
20. **CalWORKs Continuation of 10% Increase in 2024-25 and On-Going and Display Including AU+1.** Removes the expiration set for September 30, 2024, thereby extending indefinitely the 10% increase for the CalWORKs maximum aid payments currently in effect, as initially funded in the 2022 Budget Act. Additionally requires the display on grants to show the CalWORKs maximum aid payment amounts compared to 50 percent of the federal poverty level for the family size that is one greater than the assistance unit (AU), to more closely account for all of the people in the family.
21. **Provide Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs).** Commencing July 1, 2025, subject to an appropriation in the annual Budget Act, creates a housing supplement to the basic rate paid for a nonminor dependent placed in a supervised independent living placement. Requires the CDSS to work with the County Welfare Directors Association of California (CWDA) and CalSAWS to develop and implement the necessary system changes to implement the housing supplement. Requires the monthly housing supplement payment to be added to the rate paid to the nonminor dependent and prorated based on the number of days in a month the dependent is in a placement eligible for the supplement. Prohibits an overpayment from being collected on this housing supplement. Requires the CDSS to calculate this housing supplement by November 1 of each year and inform county welfare agencies, by means of all-county letters or similar written instructions, in the month of July of the following year of the amount of the supplement. The Budget Act includes \$1 million in 2023-24, \$200,000 in 2024-25, and \$18.8 million in 2025-26 and on-going, all General Fund, for this purpose.
22. **Report Regarding the State Supplemental Payments Maintenance of Effort.** Requires the CDSS, on or before February 1, 2024, to provide a written communication to the Joint Legislative Budget Committee and the appropriate fiscal and policy committees of the Legislature describing the process that would need to occur in order to switch the method the state uses to meet the federal maintenance of supplementary payment levels requirement for the State Supplementary Program for the Aged, Blind and Disabled from the current payment level method to the total expenditures method. Requires the written communication to include, among other things, a feasible timeline for notifying the federal

Social Security Administration of the change. Makes these provisions inoperative on July 1, 2025, and repeals them as of January 1, 2026.

23. **State Supplementary Program (SSP) 2024 Grant Increase.** Subject to an appropriation in the Budget Act of 2023, and commencing January 1, 2024, increases the amount of aid paid under the State Supplementary Program for the Aged, Blind and Disabled (SSP) by a percentage increase calculated by the CDSS and the Department of Finance, and requires those departments to notify specified legislative committees and the Legislative Analyst's Office of the final percentage increase effectuated by the appropriation in the Budget Act of 2023 for the purposes of implementing the increase. The planned SSP increase at the 2023 May Revision is approximately 8.6 percent.
24. **In-Home Supportive Services (IHSS) Provider Eligibility for Minor Recipients.** Deletes currently codified conditions under which a provider who has the legal duty to provide for the care of their child who is the recipient of supportive services may be remunerated for the services provided. This change will allow IHSS-eligible minor recipients to select a parent or a non-parent as their provider. Requires that these policy changes to minor provider eligibility guidelines are to take effect 60 days after the CDSS issues policy guidance and, if needed, fiscal guidance through all-county letter or similar written instructions. The Budget Act includes \$60.7 million (\$27.9 million General Fund) ongoing for this policy change.
25. **IHSS Collective Bargaining County Penalty.** Beginning October 1, 2023, increases the amount of the 1991 Realignment funding withholding from 7% to 10% of the county's prior fiscal year IHSS MOE requirement and would require that the withholding continue once each fiscal year, until the county enters into a collective bargaining agreement. Specifies the conditions under which this penalty would occur.
26. **IHSS Wage Supplement.** Deletes provisions of law related to the wage supplement to clarify the application of the wage supplements created as part of the IHSS Memorandums of Understanding (MOUs) between counties and IHSS provider unions.
27. **IHSS Career Pathways Program Reporting Extension.** Corresponding to timeline changes in Control Section 11.95 of the Budget Act pertaining to the Home and Community-Based Services (HCBS) Spending Plan, extends the deadline of the IHSS Career Pathways Program final report from December 31, 2024, to September 30, 2025. Additionally extends the operative end date of the pilot program from March 31, 2024, to March 31, 2025.
28. **Extension of Flexibility in Allocation and Award of Federal Refugee Resettlement Funds.** Authorizes the CDSS to allocate federal funds for refugee social services programs to private for-profit organizations. Requires the CDSS to prioritize funding qualified nonprofit organizations and counties over for-profit organizations. Requires the CDSS to track and document the funding provided to each type of service provider and the purposes for use of the funding, and to report this information to the appropriate fiscal and policy staff of the Legislature on a semiannual basis.
29. **Immigration Legal Services Clean Up.** Removes the requirement that contracts provide for legal services to unaccompanied minors on a fee-per-case basis and instead requires the CDSS to determine the funding method. Allows grants to be used to provide immigration benefits and authorizes the CDSS to approve a nonprofit legal service organization to

receive a grant if it has at least 3 years of experience and has conducted trainings on immigration issues for persons beyond its staff.

30. **Home Safe Program Technical Changes.** Expands the definition of “adult protective services” to include activities performed in accordance with tribal law or custom, on behalf of older and dependent adults who have come to the attention of a tribe, or tribal entity or agency, due to potential abuse or neglect. Defines “older adult” for purposes of the program to mean any person residing in this state who is 60 years of age or older and, for individuals receiving services from a tribe, or tribal entity or agency, any person residing in this state within the age range established by tribal law or custom for tribal programs serving needy and vulnerable older adults. Additionally extends the exemption period for required matching funds to June 30, 2025.
31. **Child Welfare Services - California Automated Response and Engagements System (CWS-CARES) Project.** Replaces various references to CWS-NS with updated references to the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES). Makes declarations of legislative intent for the CWS-CARES information technology (IT) project to meet specified objectives, intended to align with the scope approved in the most recent Special Project Report for the system. Those objectives include, among others, replacing the CWS/CMS with a federally compliant Comprehensive Child Welfare Information System, incorporating relevant end-user feedback into product design, development, and implementation, and limiting any additional delays to the project design, development, and implementation that could lead to federal noncompliance penalties or the potential loss of federal funding. Makes additional findings and declarations with respect to the need for ongoing oversight of the CWS-CARES IT project by the Legislature and designated state departments, and updates and expands existing oversight criteria. The criteria includes, among others, requiring the department and the Office of Technology and Solutions Integration to convene monthly meetings with specified government entities, and to submit monthly project status reports to the Legislature and other relevant stakeholders, including updates on the progress made toward successful completion on the project and other prescribed information.
32. **Bringing Families Home Program Technical Changes.** Expands the definition of “child welfare services” to include those services provided by a tribe, or tribal entity or agency, in accordance with tribal law or custom, if it provides at least one of specified child welfare services. Expands the definition of “homeless” to include an individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence, has no other residence, and lacks the resources or support networks to obtain other permanent housing. Also makes certain changes to the existing definition of “permanent housing” for purposes of the program. Extend the exception period to June 30, 2025, for the fund-matching requirement. Requires the CDSS to adopt regulations implementing all provisions of the program no later than July 1, 2024.
33. **Children's Crisis Continuum Pilot Program.** Requires that the pilot program be implemented for five years from the date grant recipients are selected. Extends the deadline for proposal submissions from January 31, 2022, to December 1, 2022, and the deadline for disbursement of grant funds from March 31, 2022, to June 30, 2023. Extends the date by which the interim report is due from April 1, 2025, to April 1, 2027. Extends the date that any guidance issued without taking further regulatory action is to be provided from March 2022 to on an ongoing basis during the pilot program.

34. **CalFresh Safe Drinking Water.** Extends the sunset of the Safe Drinking Water Supplemental Benefit Pilot Program from July 1, 2024 to July 1, 2025, allowing the program to provide time-limited additional CalFresh nutrition benefits to residents of prioritized disadvantaged communities that are served by public water systems that consistently fail to meet primary drinking water standards. The Budget Act includes \$3 million General Fund one-time for these purposes.
35. **CalFresh Minimum Nutrition Benefit (MNB) Pilot Program.** Subject to an appropriation by the Legislature, requires the CDSS to administer the CalFresh MNB Pilot Program to provide an eligible household receiving a monthly CalFresh allotment of less than \$50, with an additional 12 months of state-funded nutrition benefits that when added together with the federal allotment, totals no less than \$50 per month. Confers the CDSS with sole discretion to identify additional eligibility criteria and to define the scope of the pilot program, and requires the department to consult with counties and stakeholders to identify and prioritize populations or regions with persistently high levels of hunger. Requires these benefits to be delivered through the EBT system, and, to the extent permitted by federal law, excludes these benefits from being considered income for any means-tested program. The Budget Act includes \$915,000 General Fund for automation and other implementation costs necessary to initiate the CalFresh MNB Pilot Program in 2023-24, and \$15 million to implement the CalFresh MNB Pilot Program in 2024-25.
36. **Housing and Disability Advocacy Program (HDAP) Technical Changes.** Extends the reimbursement waiver and exemption for a grantee to match certain funds through June 30, 2025. Requires the CDSS to adopt regulations for the Housing and Disability Income Advocacy Program as a whole by July 1, 2024.
37. **Appropriation.** Appropriates \$317,000 in federal funds for the implementation of Family Code Section 8625.
38. **State Mandates.** Declares that the California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. Provides that with regard to certain mandates no reimbursement is required by this act for a specified reason. With regard to any other mandates, provides that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions.
39. **Urgency.** Declares that this bill will take effect immediately as a bill providing for appropriations related to the Budget Bill.

## COMMENTS

### According to the Author

These changes are necessary to implement investments included in the 2023 Budget Act.

### Arguments in Support

None on file.

### Arguments in Opposition

None on file.

## **FISCAL COMMENTS**

The bill appropriates \$317,000 in federal funds for the implementation of Family Code Section 8625.

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Nicole Vazquez / BUDGET / (916) 319-2099

FN:

## SUMMARY

This is the Developmental Services Trailer Bill, with statutory changes related to the 2023 Budget Act.

### Major Provisions

This bill does the following:

1. **Transition of federal education grant funding to Department of State Hospitals.** Finalizes the process of transitioning the administration and oversight of federal education grants in Department of State Hospital (DSH) facilities from Department of Developmental Services (DDS), allowing DSH to receive all state and federal education funding directly, rather than passing through DDS.
2. **Limited Examination and Appointment Program (LEAP).** Permanently extends the LEAP program, which permits individuals with developmental disabilities to choose to complete a written examination or readiness evaluation, or to complete an internship, in order to meet qualifications for state service.
3. **Extension of Remote Option for Individual Program Plan (IPP) Meetings.** Extends the option for a consumer and their family to request a remote IPP meeting or individualized family service plan meeting through June 30, 2024.
4. **Parent Participation in Applied behavioral analysis (ABA) therapy.** Prohibits a regional center from denying or delaying the provision of ABA or intensive behavioral intervention services for children due to the lack of parent participation.
5. **Special Incident Reporting.** Requires DDS to report to the Legislature annually on the status of the department's efforts to improve oversight of special incidents and respond to special incident trends regarding individuals with developmental disabilities served by regional centers.
6. **Provisional Eligibility for Children Ages 0-2.** Expands provisional eligibility for Lanterman Developmental Disabilities Services Act (Lanterman Act) to include children from birth through two years of age. The 2021 Budget Act expanded eligibility for regional center services for children three or four years of age. This change makes provisional eligibility inclusive of all children four years of age or under.
7. **Regional Center Purchase of Service Data.** Requires DDS to post data relating to purchase of service authorization, utilization, and expenditure across various demographics on a statewide aggregate basis. Requires the department to provide trend analysis on the changes observed in this data over time, and requires the department and regional centers to post this information. Requires the department to maximize transparency whenever possible, including aggregation by region. Requires the department to consult with stakeholders twice a year to review purchase of services data and identify barriers to equitable access to services and supports among individuals and develop recommendations

to help reduce disparities in purchase of service expenditures. Requires purchase of service data to be deidentified in a manner that maximizes transparency.

8. **Adjusting rate models to reflect increases to the minimum wage.** Requires developmental services rate models to be updated to account for current and subsequent changes to the statewide minimum wage.
9. **Rate Model Quality Incentives.** Requires DDS to implement a hold harmless policy for providers whose rates in effect on January 1, 2023 exceed 90 percent of the rate model, until June 30, 2026. Requires a provider to be eligible for a quality incentive payment that, when added to their base rate, equals the fully funded rate model. Allows the department to establish quality measures or benchmarks in the initial years of the quality incentive program that focus on building capacity, developing reporting systems, gathering baseline data, and similar activities while working towards meaningful outcome measures at the individual consumer level for all services. Specifies that beginning in 2024-25, there will be an opportunity for eligible providers to earn full quality incentive payments through one or more measures. Requires the department to determine each provider's quality incentive payment percentage prior to the start of the fiscal year by measuring the provider's performance against the quality measure or benchmarks for the most recently available reporting period.
10. **Update on progress implementing a person-centered, outcomes-based system.** Requires DDS to provide a status update to the Legislature regarding progress toward implementing rate reform and creating an enhanced person-centered, outcomes-based system. This update includes the definition of compliance with the federal home- and community-based services final rule effective March 17, 2014 and data on providers within each service category that have not yet achieved compliance with the federal final rule, among other provisions.
11. **Access to generic services.** Requires regional centers to purchase medical services identified in the individualized family service plan if the service is not available within 60 days through the family's health insurance or Medi-Cal. Requires a regional center to purchase medical services during any plan delays, including the appeals process.
12. **Social Recreation Services.** Prohibits a regional center from requiring an individual with an intellectual or developmental disability (IDD) or their family from doing any of the following: (a) exhaust In-Home Supportive Services, (b) exchange respite hours or any other service or support, or (c) pay a copayment, in order to receive social recreation services. Allows DDS to implement the provision of social recreation services, camping services, and nonmedical therapies through participant-directed services. States legislative intent for social recreation services, camping services, and nonmedical therapies to include, but not be limited to, specialized recreation, art, dance, and music, and that these services be made widely available to individuals with developmental disabilities, not only for socialization, but to lead the lives they want in the community.
13. **Rate Study Update: Family Home Agencies.** Clarifies the current rate structure for family home agency services are based on the rate for Community Care Facilities licensed for four beds or fewer.

14. **Regional Center Family Fees.** Implements a one-year extension of regional center family fee assessments, including the Family Cost Participation Program and the Annual Family Program Fee, through June 30, 2024.
15. **Employment First Office.** Requires the State Council on Developmental Disabilities (SCDD) to form a standing Employment First Committee, responsible for identifying the respective roles and responsibilities of state and local agencies in enhancing integrated and gainful employment opportunities for people with IDD, identifying strategies for increasing integrated employment, identifying sources of employment data, and recommending goals and policy changes for increasing integrated employment. Beginning July 1, 2024, establishes the Office of Employment First. The Office's mission is to coordinate the Employment First Policy, in order to reduce redundancy, ensure coordination of all employment support services across all agencies and departments, avoid fragmentation of services, guide strategic planning, and promote racial equity toward employment for individuals with IDD.
16. **Canyon Springs Admissions.** Extends the deadline for the prohibition of admission to Canyon Springs Community Facility from June 30, 2023 to June 30, 2024, or when the opening of completed and licensed complex needs homes identified in the safety net plan and approved for development in the Budget Act of 2023 occurs.
17. **Coordinated Family Support Services Pilot Program.** Continues implementation of the Coordinated Family Support Services Pilot Program.
18. **Appropriation.** Appropriates \$10.8 million General Fund to the Department of Developmental Services to continue implementation of the Coordinated Family Support Services Program.
19. **Urgency.** Declares that this bill will take effect immediately as a bill providing for appropriations related to the Budget Bill.

## COMMENTS

### According to the Author

These changes are necessary to implement investments included in the 2023 Budget Act.

### Arguments in Support

None on file.

### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This bill appropriates \$10.8 million General Fund to the Department of Developmental Services to continue implementation of the Coordinated Family Support Services Program.



## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Nicole Vazquez / BUDGET / (916) 319-2099

FN:

## SUMMARY

This bill makes statutory changes necessary to implement the Budget Act of 2023 related to natural resources.

### Major Provisions

- 1) Water Recycling Projects.** Authorizes the State Water Resources Control Board to establish a fee for water recycling projects.
- 2) Pharmaceutical and Sharps Stewardship Fund.** Amends Public Resources Code Section 42034.2 (SB 212, Jackson, Statutes of 2018) to reduce fee collection from quarterly to biannually and to ensure the fees collected do not exceed the full cost of implementing the Pharmaceutical and Sharps Stewardship Program.
- 3) California Accidental Release Prevention (CalARP)/Hazardous Materials Business Plan (HPBP) Programs.** Authorizes the Secretary of the California Environmental Protection Agency's (CalEPA) designee to implement specified hazardous material release and accidental release prevention programs to the same extent as the unified program agencies.
- 4) SB 1295 Cleanup.** Includes technical amendments to SB 1295 (Limon), Chapter 844, Statutes of 2022, that allows the Department of Conservation's Geologic Energy Management Division (CalGEM) to factor assessments added by SB 1295 into their fee schedule over the next two years. The assessments included in SB 1295 were connected to General Fund approved in the 2022 Budget Act agreement for oil well plugging and abandoning, and these technical amendments will allow CalGEM to incorporate the additional SB 1295 assessments into future budget authority.
- 5) Public Works Contracts.** Clarifies that the Department of Forestry and Fire Protection (CalFire), upon approval by the Department of Finance, is authorized to plan, design, construct, and administer contracts and professional services for public works projects under CalFire's jurisdiction.
- 6) Division of Safety Dams Fees.** Among other things, does the following:
  - a)** Requires the Attorney General, upon request by the Department of Water Resources (DWR), to bring an action in superior court seeking injunctive relief, penalties, fees, costs, or any other remedies available to the department, as specified.
  - b)** Increases fees for the filing of an application, as specified, and include the repair, alteration, or removal of an existing dam or reservoir.
  - c)** Authorizes DWR to adjust the fee schedule by regulation to ensure the filing fees collected reasonably cover the department's costs of application work, which may include, design review and construction oversight.
  - d)** Authorizes DWR to refund filing fees paid by the owner if requested by an owner.

- 7) Dam Safety and Flood Management Grant Program.** Among other things, does the following:
- a) Requires DWR, upon appropriation by the Legislature, to develop and administer the Dam Safety and Climate Resilience Local Assistance Program (Program).
  - b) Specifies that the Program provides state funding for repairs, rehabilitation, enhancements, and other dam safety projects at existing state jurisdictional dams and associated facilities, subject to prescribed criteria.
  - c) Requires DWR to develop and adopt program guidelines and project solicitation documents before disbursing any grant funds.
  - d) Requires a grant cost share of at least 50 percent for projects funded pursuant to the Program, except as provided.
- 8) Environmental Justice Advisory Council Per Diem.** Clarifies that members of the forum are entitled to a \$100 per day per diem for participation in meetings, as well as reimbursement of reasonable travel expenses, similar to advisory committees that support other state departments.
- 9) AB 1279 (Muratsuchi and C. Garcia), Chapter 337, Statutes of 2022, Reporting Requirement.** Revises the requirement of the Legislative Analyst's Office (LAO) to conduct specified independent analyses related to economic impacts and greenhouse gas emissions targets by, among other things, requiring LAO to conduct them as part of an annual report and to prepare an annual report detailing its review.
- 10) Aquifers.** Adds "aquifers" to a list of examples of aquatic or vegetated terrestrial open spaces for the purposes of the definition of "natural infrastructure," in Public Resources Code 71154, which pertains to climate change impacts and vulnerabilities and the Safeguarding California Plan.
- 11) State Parks: Concession Contracts: Old Town San Diego Historic State Park.** Authorizes the Department of Parks and Recreation (Parks) to negotiate a concession contract, for a term of not more than 30 years, or an extension of an existing concession contract for a term of up to an additional 30 years, and to negotiate other terms, as provided, at Old Town San Diego State Historic Park.
- 12) Old Sacramento State Historic Park.** Requires Parks to include in a lease agreement, management agreement, or other agreement for the operation of a hotel in the Old Sacramento State Historic Park a provision that requires the entity responsible for development of the hotel, and each sublessee or subcontractor, to enter into a labor peace agreement, as specified.
- 13) Western Joshua Tree Conservation Act.** Among other things, provides protections to the western Joshua tree by requiring: the development of a conservation plan; avoidance and minimization of take of the tree; and permitting and mitigation of any take incidental; to a project. This bill authorizes project proponents to mitigate take by paying a per tree fee in lieu of conducting project-specific mitigation. The bill requires fee revenue to fund actions to address threats to the western Joshua tree on a landscape level, as specified. The bill allows for a listing under the California Endangered Species Act, but prescribes a process by which the Fish and Game Commission can make a listing determination for the pending listing after receiving updated information, as specified

**14) Drought and Flood Streamlining.** Among other things, exempts specified activities regarding the diversion of floodflows for groundwater recharge from specified notification and permitting requirements. This bill provides that diversion of floodflows for groundwater recharge do not require an appropriative water right if specified conditions regarding the diversion are met. This bill exempts from CEQA specified actions related to the implementation of Colorado River water conservation agreements with the US Bureau of Reclamation.

**15) Water Arrearages.** Revises the State Water Resources Control Board's (SWRCB) California Water and Wastewater Arrearage Payment Program by making the program applicable to private wastewater treatment providers and enterprise revenue shortfalls. This bill expands the time period covered by the appropriation to December 31, 2022. With this shift in water arrearages assistance from the Department of Community Service and Development to SWRCB, this bill repeals specified provisions the Department of the Community Services and Development Low Income Household Water Assistance program related to this one-time funding.

**16) Offshore Wind Energy.** Specifies the intent of the Legislature that the administration conduct an assessment of offshore wind energy permitting and related resources needs across applicable state entities, such as the Energy Commission, the State Lands Commission, the California Coastal Commission, and the State Coastal Conservancy; and states that the outcomes of the assessment may be considered as part of a future budget.

**17) Exposition Park: Foundations.** Among other things, authorizes the establishment of nongovernmental trusts (foundations) for the California African American Museum (CAAM) and Exposition Park; and allows these foundations to perform specified actions. This bill authorizes CAAM's board of directors and OEPM to enter into concession contracts related to merchandise for each entity. This bill requires the Department of Finance, on or before January 10, 2024, and annually thereafter, to submit a report relating to the foundations to the Legislature and Legislative Analyst's Office. This bill sunsets these provisions July 1, 2030.

## COMMENTS

### According to the Author

This bill makes changes necessary to implement the Budget Act of 2023.

### Arguments in Support / Opposition

None on file.

## FISCAL COMMENTS

This bill makes statutory changes necessary to implement the Budget Act of 2023.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

## SUMMARY

This is the first budget omnibus energy trailer bill.

### Major Provisions

This bill contains the following provisions:

- 1) **Electric Vehicle Supply Equipment.** Repeals the California Air Resources Board's (CARB) existing regulation requiring chip card readers for public electric vehicle chargers and instead requires chargers to have tap card readers and mobile phone payment options for level two chargers and requires fast chargers to utilize a communication protocol known as ISO 15118 or "Plug and Charge". This also pauses CARB's ability to change the regulations for five years, and moves authority to set future regulations to the California Energy Commission.
- 2) **Self-Generation Incentive Program.** Limits the California Public Utilities Commissions' Self-Generation Incentive Program to only cover low income customers when funded by general fund.
- 3) **Embodied Carbon Emissions: Construction Materials (AB 2446).** Amends AB 2446 (Holden, 2022) to delay the deadline to measure (and reduce) the carbon intensity of buildings/materials from July 1, 2025 to December 31, 2026 (18 months). It also delays the deadline to adopt strategies to reduce emissions 40 percent as soon as possible but no later than December 31, 2035 from July 1, 2025 to December 31, 2028 (3.5 years). It also delays the deadline to evaluate the feasibility and cost impact of the strategy from July 1, 2029 to December 1, 2029 (6 months).
- 4) **Energy Imports.** Allows the Department of Water Resources to reimburse electrical corporations for energy imports procured on behalf of all California electric customers for an additional 13 months from September 30, 2022 to October 31, 2023.
- 5) **Clean Energy, Jobs, and Affordability Act of 2022 Clean Up.** Amends SB 1020 (Laird, 2022) to allow connecting zero-carbon or renewable resources behind the meter to meet the existing mandate of 100% zero carbon energy by December 31, 2035.
- 6) **Energy Commissioner Salaries.** Increases salaries for the 5 members of the California Energy Commission by five percent per year over the next three years.

## COMMENTS

### According to the Author

These are statutory changes necessary to implement the budget act of 2023.

### Arguments in Support

None on file.

## Arguments in Opposition

None on file.

## FISCAL COMMENTS

These are statutory changes necessary to implement the budget act of 2023.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Shy Forbes / BUDGET / (916) 319-2099

FN:

## SUMMARY

This bill is the second omnibus energy trailer bill necessary to implement the Budget Act of 2023.

### Major Provisions

- 1) **Diablo Canyon Clean Up.** Extends the CPUC's authority to convene the Diablo Canyon Independent Peer Review Panel if plant operations continue through 2030. Clarifies that the Independent Safety Committee (ISC) for Diablo Canyon was established by the CPUC. Reinstates a chaptered out provision of SB 846 (2022) that retired the attributes of Diablo Canyon after 2025.
- 2) **Green Financing.** Authorizes IBank and Department of Water Resources to access and utilize federal funding provided in the Inflation Reduction Act, to finance projects that reduce greenhouse gas emissions.
- 3) **SB x1-2 Oil Price Gouging Clean Up.** Clarifies that members of a multistakeholder, multiagency workgroup to consult on a Transportation Fuels Transition Plan, to include, but not be limited to, environmental justice, labor, and fuel producers and refiners, among others. Additionally clarifies data access for the CEC's Independent Consumer Fuels Advisory Committee shall be aggregated, anonymized, and not open to public disclosure, and makes other minor, clarifying changes.
- 4) **Demand Side Grid Support Program Clean Up.** Clarifies that Distributed Electricity Backup Assets program participants are required to participate in the Demand Side Grid Support program.

## COMMENTS

### According to the Author

This is the second omnibus Energy trailer bill that contains statutory changes necessary to implement the Budget Act of 2023.

### Arguments in Support

None on file.

### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This bill contains statutory changes necessary to implement the Budget Act of 2023.

## VOTES

**SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener  
**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk  
**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Shy Forbes / BUDGET / (916) 319-2099



## SUMMARY

This trailer bill contains the necessary changes to implement the 2023 Budget Act related to transportation. Specifically, this bill:

### Major Provisions

#### *Transit Transformation Task Force*

- 1) Requires the California State Transportation Agency (CalSTA), on or before January 1, 2024, to establish the Transit Transformation Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services. CalSTA, in consultation with the task force, is required to prepare and submit a report of findings and policy recommendations based on the task force's efforts to the appropriate policy and fiscal committees of the Legislature on or before October 31, 2025.

#### *Transit Accountability*

- 2) Requires that funds appropriated from the General Fund to the Transportation Agency for purposes of the Transit and Intercity Rail Capital Program be distributed through a population-based formula to regional transportation planning agencies. Provides that funding may be used for capital and/or operating expenses, subject to specified requirements.
- 3) Establishes the Zero-Emission Transit Capital Program under the Transportation Agency and require funds appropriated under the program to be allocated to regional transportation planning agencies through the State Transit Assistance formula. Provides that funding may be used for zero-emission transit equipment and/or transit operating expenditures, subject to specified requirements.
- 4) Requires the Transportation Agency to develop and administer an accountability program to govern the distribution of funds made available to the Transportation Agency for the Zero-Emission Transit Capital Program and the General Fund component of the Transit and Intercity Rail Capital Program.
- 5) Requires the Transportation Agency to adopt guidelines governing the distribution of these funding sources in consultation with specified local agencies.
- 6) Provides that a regional transportation planning agency may receive an allocation of funds in 2023-24 if both of the following conditions are met:
  - a. The regional transportation planning agency submits, and the agency approves, a regional short-term financial plan for immediate service retention consistent with the adopted guidelines. If a regional transportation planning agency elects to use these funds operations for any of its transit operators in the 2023–24 fiscal year or forecasts operational need between the 2023–24 and 2026–27 fiscal years,

inclusive, for any of its transit operators, then it shall submit a regional short-term financial plan pursuant to this clause.

- b. The regional transportation planning agency submits to the agency regionally compiled transit operator data that is consistent with the requirements included in the adopted guidelines, and is compiled in coordination with transit operators providing services within the jurisdiction of the regional transportation planning agency.
- 7) Provides that a regional transportation planning agency shall not be required to submit a regional short-term financial plan if it declares that it does not have an operational need between 2023-24 and 2026-27 for any of its transit operators and will not use funding for operations for any of its transit operators.
- 8) Provides that a regional transportation planning agency may one receive an allocation of funds in 2024-25 if it submits, and the agency approves, an updated regional short-term financial plan, and updated transit operator data by December 31, 2025. Requires all regional transportation planning agencies receiving funding to submit this plan.
- 9) Requires a regional transportation planning agency to submit a long-term financial plan to the Transportation Agency by June 30, 2026. Provides that a regional transportation planning agency is ineligible to receive a grant under the Transit and Intercity Rail Capital Program in the 2026–27 fiscal year, or any subsequent fiscal years, unless the Transportation Agency approves the long-term financial plan.

#### *Transit Statutory Relief*

10) Transit Statutory Relief. Provide statutory relief to transit operators, as follows:

- a. Extends the suspension of the financial penalties associated with the Transportation Development Act’s requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares.
- b. Extends flexibility in the use of State Transit Assistance – State of Good Repair dollars to support all operating and capital expenses.
- c. Extends the suspension of the financial penalties associated with the State Transit Assistance Program’s requirement that transit agencies’ operating cost per revenue vehicle hour may not exceed operating cost per revenue vehicle hour adjusted by regional CPI, year over year.
- d. Extends hold harmless provision for calculation and allocation of State Transit Assistance Program, STA-State of Good Repair and Low Carbon Transit Operations Program allocations (Local Revenue Basis Only).

#### *Advisory Committee Compensation.*

- 11) Requires the members of advisory committees to the California Transportation Commission (CTC) who are not members of the commission to receive a per diem of \$100 for each day actually spent in the discharge of authorized advisory committee duties as

well as be reimbursed for traveling and other expenses necessarily incurred in the performance of advisory committee duties.

#### *Indirect Cost Recovery Program (ICRP) Reinstatement*

- 12) Prohibits the Department of Transportation from charging any self-help counties with countywide sales tax measures dedicated to transportation improvements more than 10 percent for the administration of the ICRP and requires the department to charge those self-help counties for functional overhead.

#### *Mobile Driver License*

- 13) Expands the percentage of licensed drivers who can participate in the pilot programs to evaluate the use of optional mobile or digital alternatives to driver's licenses and identification cards from 0.5 percent to 5 percent of licensed drivers.

#### *Encampment Liaisons*

- 14) Appropriates \$5,802,000 to the Department of Transportation to support statewide efforts addressing homelessness within the state highway system right-of-way and require the department, on or before January 1, 2026, to submit a report to the fiscal committees of the Legislature and the Legislative Analyst's Office summarizing the outcomes associated with the activities undertaken by its encampment coordinators.

#### *Other*

- 15) Makes a declaration that this bill provides an appropriation related to the Budget Bill.

### **COMMENTS**

This is a budget bill within the overall 2023-24 budget package necessary to implement action related to transportation.

#### **According to the Author**

#### **Arguments in Support**

None on file.

#### **Arguments in Opposition**

None on file.

### **FISCAL COMMENTS**

Provides \$5.1 billion for transit relief across 2023-24 through 2026-27 as follows:

1. \$4 billion General Fund to CalSTA across 2023-24 and 2024-25 for the Transportation and Intercity Rail Capital Program.
2. \$1.1 billion to CalSTA across 2023-24 through 2026-27 Transit Zero Emission Vehicle (ZEV) Bus and Infrastructure funding from the Greenhouse Gas Reduction Fund (\$410m in 2023-24 and \$230m in each of 2024-25, 2025-26, and 2026-27).

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099

FN:

## SUMMARY

This general government trailer bill contains the necessary changes to implement provisions adopted as part of the Budget Act of 2023.

### Major Provisions

This bill makes various statutory changes to implement the general state government provisions of the Budget Act of 2023. Specifically, the bill implements the following provisions:

- 1) ***Creative Economy Workgroup:*** Requires the California Arts Council to establish the California Creative Economy Workgroup to develop a strategic plan for the California creative economy. This bill provides for the membership of the workgroup, and requires it, among other things, to collect and analyze data on the state of the California creative economy and publish findings and recommendations to the Legislature by June 30, 2025.
- 2) ***Emergency Sleeping Cabins:***
  - a. Authorizes the Department of General Services to assist a political subdivision with delivery and installation of emergency sleeping cabins and related improvements, in prescribed cities and counties and if the political subdivision has declared a shelter crisis, among other requirements.
  - b. Limits the authority granted to the delivery of up to 1,200 emergency sleeping cabins.
  - c. These provisions are repealed as of January 1, 2025.
- 3) ***Real Estate Services Division Affordable Housing Development Program Funding:*** Authorizes the Department of General Services to deposit some or all of the net proceeds related to the lease or sale of excess state lands into the Property Acquisition Law Money Account and authorizes DGS to maintain an operating reserve in the account sufficient to continue developing excess state lands into affordable housing.
- 4) ***AB 2135 (Irwin), Chapter 773, Statutes of 2022 Implementation:***
  - a. Changes the entity receiving certification of information security and privacy policies, standards, and procedures by state agencies not under the direct authority of the Governor from legislative leadership to the Office of Information Security within the Department of Technology.
  - b. Authorizes the office to make recommendations and assist a state agency in completing the plan of action and milestones and prohibits the office from requiring any recommendation be followed or to compel acceptance of any assistance.
  - c. Requires the office to review the certifications and make an annual summary report available to the appropriate legislative committees and the Legislative Analyst's Office by May 1, 2024, and by March 1 annually thereafter.

- d. Authorizes a state agency, instead of complying with specified provisions, to instead annually submit a declaration to the Chief of the Office of Information Security by January 15, confirming that the state agency complies with existing requirements for reporting certification of information security and privacy policies, standards, and procedures by state agencies under the direct authority of the Governor.
- 5) ***Office of Planning and Research, CEQA Lead Agency Exemption:*** Clarifies that if the Office of Planning and Research provides funding to a local government for a project, the local government, not the Office, is the led for undertaking environmental reviews associated with that project.
- 6) ***Office of Planning and Research, Community Resilience Centers Advance Pay:*** Allows the Office of Planning and Research to use advanced pay for grantees of Community Resilience Center program funding.
- 7) ***Office of Planning and Research, Youth Equity Commission:*** Assigns the responsibility of the Youth Empowerment Commission to the Office of Planning and Research and sets the first meeting of the Commission before August of 2023.
- 8) ***Office of Planning and Research, Racial Equity Commission:*** Establishes the Racial Equity Commission in the Office of Planning and Research.
- 9) ***State Middle Mile Broadband Enterprise Fund:*** Establishes the State Middle Mile Broadband Enterprise Fund at the Department of Technology.
- 10) ***Broadband:***
  - a. Require lease agreements entered into by the Department of Technology as part of the state middle mile system to include sufficient fiber strands to support speeds comparable to those offered by infrastructure built or jointly built by the state.
  - b. Requires the Department of Technology to post a map of the middle mile project segments upon execution of a lease, build or joint built contract for the project segment.
  - c. Requires the California Public Utilities Commission to prioritize public housing developments for Broadband Public Housing Account grants if they have not received a grant and do not have access to free broadband internet service.
- 11) ***State Appropriations Limit - Subvention Definitions:*** Requires the Department of Finance to, no later than February 1 of each year, calculate the individual subvention amounts for each of the specified state programs and provide this state subventions information on an annual basis to the California State Association of Counties and the League of California Cities for distribution to local agencies for use in calculation of local appropriation limits. Creates a state mandated local program be requiring additional duties of local agencies.
- 12) ***Office of Tax Appeals Regulatory Exemption:*** Exempts the Office of Tax Appeals communications and final written opinions from the Administrative Procedures Act.

***13) Extend Sunset Dates for Various Small Business Grants Program:***

- a. Reenacts the California Venues Grant Program and would repeal it on June 30, 2024.
- b. Removes the disbursement end date for the Social Enterprise Program within CalOSBA.
- c. Extends the repeal date from June 30, 2023, to June 30, 2024 for the California Nonprofit Performing Arts Grant Program, the California Small Business COVID-19 Relief Grant Program, and the California Small Business and Nonprofit COVID-19 Supplemental Paid Sick Leave Relief Grant Program.
- d. Extends the repeal date for California Microbusinesses COVID-19 Relief Program to June 30, 2024.

***14) Commission on the State of Hate:***

- a. Authorizes appointed members of the Commission to receive a per diem of \$100 for each public meeting and community forum of the commission that they attend, and also authorizes reimbursement to those individuals for expenses incurred.
- b. Excludes legislative members, ex officio members, and nonmember advisors for the commission from any per diem or reimbursement for expenses incurred while engaging in commission activities.
- c. Provides that for annual reports due July 1, 2024, and July 1, 2025, the commission is required to include information in the report only to the extent that the specified information is available.
- d. Provides that for the annual report due July 1, 2026, the commission is required to include information in the report as specified.

***15) Zero-Emission Vehicle (ZEV) Market Development Office:***

- a. Updates the equity action plan to include recommendation on actionable steps and metrics to measure and improve access to ZEVs, public and private charging infrastructure, and ZEV transportation options in low-income, disadvantaged, and historically underserved communities.
- b. Requires the assessment of progress towards the equity action plan to include metrics tracking state and federal subsidies for ZEVs and different ownership structures for ZEVs.

***16) California Small Agricultural Business Drought and Flood Relief Grant Program:***

- a. Renames the program to the California Small Agricultural Business Drought and Flood Relief Grant Program and extends the program from January 1, 2025, to January 1, 2027.
- b. Expands the purpose of the program to additionally provide grants to qualified small agricultural businesses that have been affected by floods.

**17) *Made in California***

- a. Relaunches the Made in CA program and removes various provisions that were barriers to the success of the program.
- b. Requires reports back to the Legislature every February 15 on program expenditures, program progress, the number of companies registered for the Made in California label, the number of products registered for the Made in California label, the program fees collected, ongoing priorities with the program, and any additional information.

**18) *Amy Facilities Agreement Program Income Fund:*** Establishes the Army Facilities Agreement Program Income Fund and requires any revenue received from nonfederal tenants' use of Military Department facilities, to be deposited into the fund and made available for the maintenance of Army National Guard facilities.

**19) *Military Department Support Fund Activities:*** Repeals the California National Guard Military Relief Fund and the aid grant program supported by this fund and deposits any remaining funds into the California Military Department Support Fund.

**20) *California Emergency Relief Fund:*** Authorizes the Department of Finance to transfer any unencumbered balance in the California Emergency Relief Fund of any appropriation for which the encumbrance period has expired into the General Fund.

**21) AB 2273 (Wicks), Chapter 320, Statutes of 2022 - Working Group Implementation:**

- a. Establishes the Children's Data Protection Working Group created in AB 2273 (2022) in the Office of the Attorney General;
- b. Changes the deadline for the report to the Legislature from January 1, 2024, to July 1, 2024;
- c. Authorizes working group meetings to be conducted remotely
- d. Reduces the total working group membership from ten to nine by reducing the number of appointments of the California Privacy Protection Agency from two to one.

**22) *Litigation Deposit Fund Loan Authority:***

- a. Allows the Department of Finance to authorize budgetary loans from the Litigation Deposit Fund to the General Fund pursuant to the annual budget process in a manner that will not interfere with the purpose for which the fund was created.
- b. Requires the Department of Justice to make various adjustments related to the deposits of litigation proceeds and provide quarterly reports to the Legislature concerning the Litigation Deposits Fund, including the number and amount of deposits received as of the prior report, the case associate with each deposit, the litigation costs associated with each case, and the specific legal section or sections of the department pursuing the case.



- 23) State Controller Fi\$Cal Onboarding:** Revises reporting and implementation timelines for the transfer of state accounting book of record functions by the State Controller's Office to the Fi\$Cal accounting system to conform to the new expected implementation date of July 1, 2026.
- 24) Monument to the California Native people:** Clarifies that the regular maintenance of the monument to the California Native people of the Sacramento, California region on the grounds of the State Capitol shall remain the responsibility of the Department of General Services.
- 25) SELA Advisory Panel:** Establishes the Southeast Los Angeles Cultural Center Development Advisory Panel to provide advice to the state and the County of Los Angeles in the development of the Southeast Los Angeles Cultural Center.

## COMMENTS

This general government trailer bill contains the necessary changes to implement provisions adopted as part of the Budget Act of 2023.

### According to the Author

#### Arguments in Support

None on file.

#### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This bill would continuously appropriate moneys into the Property Acquisition Law Money Account for the development of affordable housing and would continuously appropriate moneys into the State Middle-Mile Broadband Enterprise Fund for the maintenance, operation, repair, and expansion of the statewide open-access middle-mile broadband network, thereby making an appropriation.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Patrick Le / BUDGET / (916) 319-2099

FN:

## **SUMMARY**

This is the cannabis budget trailer bill and contains the necessary changes to implement provisions included in the Budget Act of 2023, which includes technical changes related to criminal history information background checks.

### **Major Provisions**

- 1) Requires the Department of Cannabis Control (Department) to submit to the Department of Justice fingerprint images and other related information for criminal history information checks of certain employees, prospective employees, contractors, and subcontractors, and requires the Department of Cannabis Control to request from the Department of Justice subsequent notification service for those individuals, as specified.
- 2) Exempt from that requirement an owner who has previously submitted fingerprint images and related information in connection with a valid state license issued by a licensing authority, as specified. Per updated federal guidance and requirements, prohibits the Department of Cannabis Control from considering criminal history information from a previous check of that owner when considering whether to issue a subsequent state license.

## **COMMENTS**

AB 141 (Committee on Budget), Chapter 70, Statutes of 2021, created the Department of Cannabis Control, consolidating legacy departments in one single entity. As part of the consolidation, Business and Professions Code (BPC) section 26051.5 was amended to require that an applicant submit fingerprint images for a state license to conduct commercial cannabis activity. This requirement was intended to require an owner to submit fingerprints only once, even if they held more than one cannabis license; and in an effort to streamline the licensing process for the Department and decrease costs to the applicant. The amended BPC section 26051.5 was submitted to the Federal Bureau of Investigation (FBI) in early 2021, pre-consolidation, to obtain one request code.

The FBI denied the Department's request for one request for all commercial cannabis licenses, and instead is requiring the Department to use the 20 license classifications within BPC Section 26050 unless state law is aligned. The proposed statutory changes are intended to comply with these new federal guidelines and requirements.

### **According to the Author**

#### **Arguments in Support**

None on file.

#### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

Appropriates \$5,000 Cannabis Control Fund for the 2023-24 fiscal year for the purpose of supporting the criminal history information background check process.

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Patrick Le / BUDGET / (916) 319-2099

FN:

## SUMMARY

This trailer bill contains the necessary changes to implement the 2023 Budget Act related to housing and homelessness. Specifically, this bill:

### Major Provisions

#### *Homeless Housing Assistance and Prevention Program Round 5*

- 1) Establishes Round 5 of the Homeless Housing, Assistance and Prevention program and provides the framework for distribution, use, and oversight of \$1 billion in funding for Round 5.
- 2) Requires Round 5 recipients to apply on a regional basis.
- 3) Makes receipt of Round 5 funding contingent on the creation of, and adherence to, a regionally coordinated homelessness action plan.
- 4) Requires each plan to coordinate all homelessness funding and services across the region, to assign specific roles and responsibilities to each party to the plan, and to set forth key actions that each party will take to reduce and prevent homelessness. Requires each regionally coordinated plan to be memorialized in the form of a Memorandum of Understanding.
- 5) Makes receipt of the second installment of HHAP money contingent on progress toward accomplishment of the regional plan elements, with requirements for technical assistance and regional plan modification for regions that are not achieving sufficient progress.
- 6) Provides funding for participants to engage in the regional coordination process.
- 7) Advances deployment of \$100 million from the “bonus” set-aside from Round 3 in 23-24 to each HHAP recipient upon submission of their regional plan.
- 8) Advances deployment of the remaining “bonus” set-aside from Round 4 in 24-25 to each HHAP recipient upon submission of their regional plan and approval of a compliant housing element.
- 9) Allows for flexible use of HHAP funds while ensuring that each region adequately prioritizes resources for permanent housing solutions before directing HHAP resources to interim housing solutions.
- 10) Further incentivizes readiness for maximum housing production through eligibility for additional Homekey grants for HHAP recipients that have compliant housing elements.

## *CalHFA*

- 11) Removes the California Housing Finance Agency (CalHFA) from within the Department of Housing and Community Development (department), and continues CalHFA within the Business, Consumer Services and Housing Agency.

## *Excess Sites*

- 12) Removes the statutory expenditure deadlines and the sunset reporting deadline allowing the excess sites local government matching grant program to be continuously appropriated; and modifies language to align with SB 561 (Chapter 446, Statutes of 2022) and removes any sequencing concerns with the bill.

## *Infill Infrastructure Grant Program of 2019*

- 13) Corrects technical drafting errors in the Infill Infrastructure Grant Program of 2019 in AB 157 (Chapter 570, Statutes of 2022).

## *Low Income Housing Tax Credit Rural Definition*

- 14) Revises the criteria for rural area to be the area eligible for financing a multifamily housing program pursuant to Part 3560.1 of Title 7 of the Code of Federal Regulations as it read on January 1, 2023, or successor program, of United States Department of Agriculture Rural Development.
- 15) Adds an unincorporated area that does not adjoin a city and is not located within a census tract, block group, or block designated as an urban area by the United States Census Bureau in the most recent decennial census to the requirements of how the area is defined.

## *Housing Reporting Requirements*

- 16) Requires the department instead of the Department of Finance to publish the list of programs that must award prohousing jurisdictions additional points or preferences on its website.
- 17) Requires the department instead of the Department of Finance to publish a list of programs, if any, where eligibility for funding is contingent upon the jurisdiction having adopted a housing element, as specified.

## *Middle Class Housing Act of 2022*

- 18) Requires the exempted parcel or parcels to be subject to an ordinance that allow for development by right for a local agency to reallocate the residential density from an exempt parcel.

## *Affordable Housing and High Road Jobs Act of 2022*

- 19) Clarifies the procedures established by AB 2011 for local governments to exempt specified parcels from provision of the law in a manner that results in no net loss of development capacity in the jurisdiction.

### *Employee Housing Regulation Fund*

- 20) Establishes the Employee Housing Regulation Fund and requires HCD to deposit monies collected pursuant to the Employee Housing Act into the fund.

### *Chula Vista Surplus Land*

- 21) Creates an exemption from the Surplus Land Act (SLA) for land acquired by a local agency that will make at least 25 percent of any housing development affordable, provided that the parcels are subject to a locally adopted plan and legal restrictions that predate significant amendments to the Surplus Land Act that took effect in 2020.

### *California Interagency Council on Homelessness*

- 22) Allows council staff to share Homeless Data Integration System data with a state agency or department that is a member of the council.
- 23) Allows all members of the advisory committee to participate remotely in advisory committee meetings, including meetings held with the council, and no members are required to be present at the designated primary physical location.
- 24) Provides that members of the council, advisory committee, or working groups who are or have been homeless may receive per diem and reimbursement for travel or other expenses as specified.

### *Other*

- 25) Makes a declaration that this bill provides an appropriation related to the Budget Bill.

## **COMMENTS**

This is a budget bill within the overall 2023-24 budget package necessary to implement action related to housing and homelessness.

### **According to the Author**

#### **Arguments in Support**

None on file.

#### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

The appropriations for these programs are contained in the Budget Act of 2023 including \$1.1 billion for the Homeless Housing, Assistance and Prevention Act.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099

FN:

## SUMMARY

This bill makes the changes needed to implement the labor, workforce, and employment provisions adopted as a part of the Budget Act of 2023.

### Major Provisions

This bill makes various statutory changes to implement the labor, workforce, and employment provisions of the Budget Act of 2023. Specifically, the bill implements the following provisions:

- 1) ***Unemployment Fund and the Unemployment Compensation Disability Fund Reporting Dates.*** Requires the Employment Development Department each year to submit to the Legislature in January and May, instead of May and October, a report on the status of the Unemployment Fund and the Unemployment Compensation Disability Fund, containing actual and forecasted information on each fund.
- 2) ***Domestic Worker Rights Education and Outreach Program.*** Existing law establishes and an outreach and education program to promote awareness of, and compliance with, labor protections that affect the domestic work industry. The bill eliminates the July 1, 2024 inoperative and January 1, 2025 repeal dates on the program.
- 3) ***Community Economic Resilience Fund Clean-up.*** Addresses a chaptering out issue during the 2022 legislative session. This trailer bill restores changes approved in legislation signed into law, AB 2342 (Cervantes), Chapter 568, Statutes of 2022, that was subsequently chaptered out by AB 156 (Committee on Budget), Chapter 569, Statutes of 2022.
- 4) ***Prevailing Wage and Public Works.*** Clarifies contractor registration requirements, establishes penalties for violations of AB 2011 (Wicks, Chapter 647, Statutes of 2022) and SB 6 (Caballero), Chapter 659, Statutes of 2022, and provides the Department of Industrial Relations with the authority to establish and adjust annual registration and renewal fees, as specified.
- 5) ***Retirement Rate Adjustment for Excluded Employees.*** Provides the Department of Human Resources (CalHR) with the flexibility to adjust retirement rates for excluded employees. Currently, changes to excluded employee retirement rates depend on the associated bargaining unit.
- 6) ***Uniform Payroll Cycle.*** Amends Government Code section 19824 to change the State's current unique "monthly" payroll cycle to "uniform" payroll cycle to allow implementation of a customary biweekly payroll cycle with the implementation of the California State Payroll System (CSPS) project. Additionally, removes section 19824 (b) to allow supersession by collective bargaining to enable payroll processing for over 285,000 State employees and prevent unintended conflicts with existing memoranda of understanding.
- 7) ***Compensation Study Schedule.*** Amends the timeline for CalHR's statutory requirement to create and submit compensation study reports. Depending on the bargaining unit, the



new timeline would mandate submission of the report on February 1, 2025 or February 1, 2026 and biennially thereafter.

- 8) ***Proposition 2 Supplemental Payment.*** Makes an appropriation to provide for the supplemental payment to further reduce the state's unfunded liabilities under the California Public Employees' Retirement System.

## COMMENTS

This bill makes changes to implement the labor, workforce, and employment provisions adopted as a part of the Budget Act of 2023.

### According to the Author

### Arguments in Support

None on file.

### Arguments in Opposition

None on file.

## FISCAL COMMENTS

This bill is a budget trailer bill within the overall 2023-24 budget package to implement actions related to labor, workforce, and employment and makes an appropriation related to the Proposition 2 Supplemental Pension Payment. Specifically, this bill would appropriate \$1,664,000,000 from the General Fund for the purposes identified in the constitutional provisions described above, to supplement the state's appropriation to the Public Employees' Retirement Fund.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Patrick Le / BUDGET / (916) 319-2099

FN:

## SUMMARY

This trailer bill contains the necessary changes to implement the 2023 Budget Act related to taxation. Specifically, this bill:

### Major Provisions

#### *Debt Interception for Foster Youth Tax Credit*

- 1) Provides technical clean-up to specify that the Controller, beginning January 1, 2024, is prohibited from offsetting delinquent accounts against personal income tax refunds of an individual who received the Foster Youth Tax Credit, in addition to individuals who received the Earned Income Tax Credit or the Young Child Tax Credit.

#### *Tax Expenditure Report*

- 2) Amends the annual due date for the Department of Finance to provide a report on tax expenditures to the Legislature to November 1st of each year, from the previous date of September 15<sup>th</sup> of each year.
- 3) Requires data on personal income tax expenditures in the report to include expenditures categorized by taxpayers' income level and the related cost to the state, provided data is readily available.
- 4) Specifies that these changes to the report commence August 1, 2023.

#### *New Employment Tax Credit*

- 5) Amends the New Employment Credit to include provisions for specific industries, who self-certify and verify in compliance with specified requirements:
  - a. Electric airplane manufacturing
  - b. Lithium production
  - c. Lithium battery manufacturing
  - d. Semiconductor manufacturing, research, and development
- 6) For taxpayers engaged specifically in each of these industries, the amendments:
  - a. Eliminate the requirement that the new employment be located within a designated census tract or economic development area.
  - b. Amend the portion of wages for qualified employees to reflect wages that exceed 100 percent, but do not exceed 350 percent of the minimum wage.

- c. Provides that for each taxable year beginning on or after January 1, 2023, and before January 1, 2024, a qualified taxpayer to request a tentative credit reservation from the Franchise Tax Board on or before the last day of the month following the close of the taxable year for which the credit is claimed, instead of within 30 days of complying with specified new hire reporting requirements.
- 7) Provides an appropriation of \$10,000 for the Franchise Tax Board to make necessary changes to the credit reservation system to comply with these changes.

#### *Incomplete Gift Nongrantor (ING) Trusts*

- 8) Commencing with the 2023 taxable year, the income from an incomplete gift nongrantor trust would be included in the income of the grantor, as if the trust was a grantor trust, except when the fiduciary of a trust where 90 percent of beneficiaries are charitable organizations elects to be taxed as a resident nongrantor trust.

#### *Middle Class Tax Refund Clean-Up*

- 9) Specifies that the Franchise Tax Board shall issue payments for the Middle Class Tax Refund no later than September 30, 2023, with allowances for re-issuance of payments as necessary.

#### *FTB Data Sharing Agreements*

- 10) Amends the data sharing requirements between the State Department of Social Services, the State Department of Health Care Services, and the Franchise Tax Board to specify data elements to be shared on social services and health program participants for use in informing individuals of available tax credits.

#### *Wildfire Settlements Tax Exemptions*

- 11) For taxable years beginning on or after January 1, 2020, and before January 1, 2028, excludes from gross income for any qualified taxpayer, amounts received in settlements associated with either the 2019 Kincade Fire in the County of Sonoma, or the 2020 Zogg Fire in the Counties of Tehama and Shasta.

#### *Other:*

- 12) Includes findings to comply with Section 41 that requires the additional information for any bill authorizing a new tax expenditure.
- 13) Makes findings and declarations related to gift of public funds.
- 14) Makes a declaration that this bill provides an appropriation related to the Budget Bill

## **COMMENTS**

This is a budget bill within the overall 2023-24 budget package necessary to implement action related to taxation.

## **According to the Author**

### **Arguments in Support**

None on file.

### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

According to the Senate Budget and Fiscal Review Committee, the provisions of this bill are expected to result in General Fund revenue losses in the low millions in 2023-24 and future years, and the Incomplete Nongrantor Trust changes are anticipated to result in a \$30 million revenue gain in 2023-24 with revenue gains of roughly \$17 million in subsequent years. These revenue changes are assumed in the overall estimates of the 2023-24 Budget package.

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099

FN:

## SUMMARY

This trailer bill contains the necessary changes to implement the 2023 Budget Act related to the California Motion Picture and Television Production Tax Credit. Specifically, this bill:

### Major Provisions

- 1) Extends the authority for the California Film Commission (CFC) to allocate, and for qualified taxpayers to claim, the California Motion Picture and Television Production Credit for an additional five years, starting in 2025-26 (Film and Television Tax Credit 4.0) maintaining the current authorization amount of \$330 million per year.
- 2) Amends the credit structure for the Film and Television Tax Credit 4.0 to make it refundable, thereby allowing taxpayers with insufficient tax liability to make use of the credit. Specifically:
  - a. In the first taxable year that the credit certificate is issued to the qualified taxpayer, the taxpayer has the option to make a one-time irrevocable election to receive refunds at a discounted rate over five years.
  - b. A taxpayer who does not elect to receive refunds will be able to use the credit against tax liability and to carry the credit forward in the following eight years following the first year.
  - c. If the taxpayer in the first taxable year makes a one-time irrevocable election to receive refunds then in the first year the taxpayer has to first apply the credit against liability. Ninety percent of the remaining credit amount is evenly distributed over a 5-year period starting in the first year.
- 3) Provides recipients with 96 percent of the credit amount and includes an additional four percent if the applicant chooses to submit a diversity workplan that includes specified diversity goals for the project. The additional percentage will be approved for applicants that show in their diversity workplan that they have met or made a good-faith effort to meet the goals they set for the project. Specifically:
  - a. All applicants must submit a diversity workplan checklist, developed by the CFC upon submission of their application for the credit.
  - b. Upon receipt of a tax credit, applicants who choose to submit a diversity workplan to address diversity and be broadly reflective of California's population in terms of race, ethnicity, gender, and disability status, including required components in statute and regulation.
  - c. Applicants may submit an interim assessment on progress towards meeting the goals of the workplan to the CFC.

- d. Applicants who submitted a diversity workplan must submit a final diversity assessment including information about how the project met or made a good-faith effort to meet the diversity workplan.
- 4) Requires the CFC to submit to the Legislature on an annual basis, commencing June 30, 2027 containing diversity data provided by the applicants. The report shall contain, in the aggregate and per project, an assessment of whether the diversity workplan goals required by this section were met for qualified motion pictures that submitted the final assessment to the CFC in the prior fiscal year and specified details. This reporting is in addition to tax credit specific reporting the Legislative Analyst's Office, and other aggregate data reported to the Legislature and on the CFC Website.
- 5) Increases the amount provided to Career Pathways Program from an amount equal to 0.25 percent of the approved credit amount to an amount equal to 0.5 percent. Specifies that, beginning January 1, 2028, the amount may be increased up to 0.25 percent per year, up to 1.0 percent of the credit amount, based on an evaluation of the program and job availability and growth in the industry. Beginning January 1, 2025, the CFC is required to collect, and report to the Legislature specified information on the Career Pathways Program and participants.
- 6) Includes an additional CFC Board member who is a diversity, equity, and inclusion expert employed in the motion picture industry.
- 7) Establishes the Safety on Productions Pilot Program. Commencing July 1, 2025, and until June 30, 2030, inclusive, would require that an employer for a motion picture production that receives a specified motion picture tax credit, for that motion picture production, to hire specified staff related to set safety, require specified safety activities, and require a final safety evaluation report, among other things. An evaluation of the program is required and recommendations provided to the Legislature at the completion of the pilot program.

### *3.0 and Soundstage Tax Credits*

- 8) Provides that for a certified studio construction project that a project be certified by the commission for a period of 5 years instead of 3 years.
- 9) Provides that a qualified motion picture to pay or incur at least \$5,000,000 in qualified wages instead of \$7,500,000, and would remove the requirement that it be during the taxable year.
- 10) Makes conforming changes between the diversity workplan with the Soundstage credit and 4.0 by requiring the Soundstage credit to also include disability status in addition to race, ethnicity and gender for consideration in a diversity workplan.
- 11) Limits the amount that may be allocated to any qualified motion picture to \$12,000,000, or \$750,000 per episode for a season of a television series instead of the aggregate amount of \$150,000,000 and the allocation for a season of a series or a feature film to \$12,000,000.

### *Other*

- 12) Provides that the provisions in the trailer bill are severable.

13) Makes a declaration that this bill provides an appropriation related to the Budget Bill.

## COMMENTS

This is a budget bill within the overall 2023-24 budget package necessary to implement action related to the California Motion Picture and Television Production Tax Credit.

### According to the Author

#### Arguments in Support

None on file.

#### Arguments in Opposition

None on file.

## FISCAL COMMENTS

The bill would extend the Film and Television Tax Credit for an additional five years, beginning in 2025-26. The credit is authorized at \$330 million per year. The extension has an estimated revenue impact of \$8 million in 2025-26 and of \$49 million in 2026-27, with most costs reflected in the out years.

Over the lifetime of the credit, costs associated with the extension are projected to total a little less than \$1.65 billion, including about \$200 million lifetime costs for refundability provisions. These costs are spread over 12 years from 2025-26 through 2036-37.

These revenue impacts are included in the 2023-24 budget package.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Genevieve Morelos / BUDGET / (916) 319-2099

FN:

## SUMMARY

This is the Courts trailer bill that includes provisions required to implement the 2023 Budget Act.

### Major Provisions

1. Establishes the Access to Justice Commission in statute with provisions, including but not limited to, setting the terms limits of Commission members to four years and requiring that the Executive Director is appointed by the Commission.
2. Adds the support of loan repayment assistance programs as a permissible use of the Equal Access Fund.
3. Extends the sunset date to allow trial courts to use remote technology to conduct certain civil cases, including forensic commitment, juvenile dependency, and juvenile delinquency cases from July 1, 2023 to January 1, 2026. Imposes minimum technology standards to be adopted by the Judicial Council by April 1, 2024 and trial courts to implement by July 1, 2024, and also specifies the conditions that need to be met for parties, witnesses, and court staff and officers to participate in remote proceedings.
4. Requires appointed attorneys representing clients in non-capital cases under the California Racial Justice Act, to have completed 10 hours of relevant training.
5. Requires appointments of attorneys representing clients in capital cases under the California Racial Justice Act to be consistent with existing standards in the California Rules of Court.
6. Delays the implementation of Chapter 200, Statutes of 2022 (AB 1576), related to providing lactation rooms in courts to court users to July 1, 2026.
7. Eliminates the July 1, 2023 sunset provision for various civil court filing fees, including the extension of the limitation of \$18,000 on the total amount of complex fees.
8. Authorizes the Judicial Council to apportion funds in the Appellate Court Trust Fund to the Supreme Court, courts of appeal, and the Judicial Council, subject to availability and the needs of each entity.

## COMMENTS

### According to the Author

#### Arguments in Support

None on file.

#### Arguments in Opposition

None on file.



## **FISCAL COMMENTS**

Provides \$250,000 General Fund to the Access to Justice Commission to administer a student loan repayment assistance program for service providers employed by qualifying legal service organizations and projects to support recruitment and retention efforts.

## **VOTES**

### **SENATE FLOOR: 29-8-3**

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## **UPDATED**

VERSION: June 26, 2023

CONSULTANT: Jennifer Kim / BUDGET / (916) 319-2099

FN:

## **SUMMARY**

This is the Public Safety trailer bill that enacts changes necessary to implement the 2023 Budget Act.

### **Major Provisions**

1. Includes the Legislature's intent to close additional state prisons.
2. Includes a legislative finding that the maintenance of prison capacity beyond what is required to meet specified standards is not cost effective and that reducing excess capacity would create savings that may be used for rehabilitative and other purposes.
3. Requires the Department of Corrections and Rehabilitation to produce and provide the following assessment to assist the Legislature in making decisions related to prison closures:
  - a. A preliminary assessment due on August 15, 2023 and a final assessment due on November 15, 2023, that includes the necessary operational capacity for each state owned and operated prison, overall housing needs, and an assessment of available space for rehabilitative programming, health care services, specialized bed needs, flexible bed needs, and to comply with class action litigation requirements. The preliminary assessment shall include the Department of Corrections and Rehabilitation's methodology and preliminary data and findings.
4. Delays the implementation of SB 731 (Chapter 814, Statutes of 2022) by one year to July 1, 2024.
5. Makes technical amendments pursuant to Penal Code Section 13777 to clarify that local law enforcement agencies, district attorneys, and elected city attorneys shall report the relevant data to the Department of Justice on a monthly basis, and clarifies that the report related to anti-reproductive rights crimes shall be published beginning July 1, 2025 and every year thereafter.
6. Shifts the annual Armed Prohibited Persons System report due date from April 1 to March 15 beginning in 2024.
7. Repeals criminal administrative fees related to record sealing and post-conviction remedies pursuant to Penal Code Sections 1203.4, 1203.41, 1203.42, and 1203.45.
8. Implements the Family Dignity Act which allows visitors, during in-person and family visits to a state prison, to bring in certain items, such as diapers and pacifiers, and allows visitors to make a request to the Department of Corrections and Rehabilitation to scan certain documents, such as birth certificates, in the Department's Strategic Offender Management Systems, in order to streamline the visiting process for visitors.

9. Exempts the Commission on Peace Officers Standards and Training (POST), temporarily, from disclosure of information requested pursuant to the California Public Records Act related to peace officer decertification that are in the custody of POST and instead requires POST to forward the request to the agency that transmitted the original records to POST to provide the information requested. Requires POST to provide any copies of records to the transmitting agency if the records are no longer in the possession of the transmitting agency and sunsets this exemption on January 1, 2027. Specifies that records created by POST are not exempt under this section.
10. Includes technical clarifications regarding progress hearings for youth pursuant to Welfare and Institutions Code 875(e) and clarifies that decisions related to baseline terms and placements are judicial decisions that may not be limited by the stipulation of the parties at any time.
11. Provides technical changes related to sight and sound separation of juveniles and adults in detention facilities in accordance with state and federal law, and clarifies the existing jurisdiction of juveniles who participate in the Pine Grove Youth Conservation Camp who are subsequently returned to a county juvenile facility.
12. Extends the inspection authority of the Board of State and Community Corrections to include camps, ranches and secure youth treatment facilities.
13. Includes technical clarification regarding the calculation of credits earned by youth who will be transferred to county secure youth treatment facilities from the Division of Juvenile Justice and prohibits the baseline term of confinement from exceeding the youth's projected juvenile parole board date.
14. Includes technical changes to address chaptering out issues related to Chapter 734, Statutes of 2022 (SB 1106).
15. Changes the name of San Quentin State Prison to San Quentin Rehabilitation Center and includes the following provisions for the Department of Corrections and Rehabilitation to establish a new building in San Quentin to house rehabilitative, education and vocational programming:
  - a. Allows the Department of Corrections and Rehabilitation to use the progressive design-build procurement process for the demolition of a building at San Quentin to design and build a new building;
  - b. Includes additional requirements related to the contracting process, including but not limited to, requiring the selected design-build to provide payment and performance bonds and errors and omissions insurance coverage, authorizes the Department of Corrections and Rehabilitation to contract for design and preconstruction services sufficient to establish a guaranteed maximum price, and allows for the solicitation for additional proposals if an agreement is unable to be reached; and
  - c. Exempts this project from the California Environmental Quality Act and state historic preservation related requirements.

## COMMENTS

### According to the Author

#### Arguments in Support

None on file.

#### Arguments in Opposition

None on file.

## FISCAL COMMENTS

Provides \$531,000 General Fund to establish an advisory council on improving interactions between law enforcement and individuals with intellectual and developmental disabilities pursuant to Penal Code 13016.

## VOTES

### SENATE FLOOR: 29-8-3

**YES:** Allen, Alvarado-Gil, Archuleta, Atkins, Becker, Blakespear, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino, Roth, Skinner, Smallwood-Cuevas, Umberg, Wahab, Wiener

**NO:** Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

**ABS, ABST OR NV:** Ashby, Rubio, Stern

## UPDATED

VERSION: June 26, 2023

CONSULTANT: Jennifer Kim / BUDGET / (916) 319-2099

FN: