

Budget Trailer Bill Analyses Packet

Monday, February 22, 2021

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SUMMARY:

Amends the 2020 budget act to enact an “early action” budget package to respond to COVID-19 relief. Specifically, this bill:

Major Provisions

- 1) Appropriates \$90 million General Fund to the Alcohol Beverage Control Fund to backfill for revenue lost from waiving alcohol license renewal fees and surcharges;
- 2) Provides \$993.9 million General Fund for Golden State Stimulus grants at the Department of Social Services, with \$243.2 million for CalWORKs grant payments and \$750 million for SSI/SSP and CAPI program grant payments;
- 3) Includes \$242.3 million General Fund for additional costs associated with excluded federal unemployment benefit payments from CalWORKs program eligibility;
- 4) Allocates \$35 million General Fund for additional support to food banks (\$30 million) and diaper banks (\$5 million);
- 5) Contains \$24 million General Fund for the Housing the Harvest program to provide housing support to farmworkers that need to isolate due to COVID-19 exposure;
- 6) Includes \$28.8 million (\$11.8 million General Fund) for county administrative and outreach costs associated with the temporary federal expansion of eligibility for CalFresh benefits to students enrolled in higher education institutions;
- 7) Provides \$2.95 million General Fund total for CalFresh outreach to students at the University of California (\$650,000) and the California State University (\$2.3 million) systems to reflect increased federal eligibility for the food benefit;
- 8) Adds provisional language to the Secretary of State’s budget item to clarify the allowable use of \$23 million of voter outreach funding already contained in the 2020-21 budget act;
- 9) Includes \$123.1 million General Fund (Proposition 98) to the California Community Colleges for emergency financial assistance grants to existing community college students;
- 10) Provides \$1.4 million to UCLA to supplement existing “Stop AAPI Hate” efforts to enhance reporting and analysis of hate incidents against Asian Pacific Islanders;
- 11) Provides \$5.4 million to extend early care and education family fee waivers until June 30, 2021 and reflects a corresponding reduction to CalWORKs Stage 3 funding to reflect lower caseload spending; and

- 12) Amends existing budget control language to allow the Department of Finance to allocate federal funds provided to the State as a result of federal legislation passed between December 26, 2020 and December 31, 2020 for COVID-19 public health emergency expenses including testing, contact tracing, food assistance, and vaccinations.

COMMENTS:

This bill amends the 2020-21 Budget Act, SB 74 (Mitchell, Chapter 6 of 2020), to reflect an “early action” budget package. The \$9.6 billion early action package includes provisions to assist businesses and individuals impacted by COVID-19

According to the Author:

The budget bill facilitates assistance to Californians impacted by the COVID-19 pandemic.

Arguments in Support:

None on file.

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

The proposed changes to the 2020 budget action would result in approximately \$1.5 billion of additional General Fund costs that is part of the approximately \$9.6 billion early action budget package.

VOTES:

SENATE FLOOR: 22-2-15

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

NO: Nielsen, Wilk

ABS, ABST OR NV: Bates, Borgeas, Dahle, Glazer, Gonzalez, Grove, Hueso, Hurtado, Jones, Limón, Melendez, Min, Ochoa Bogh, Skinner, Stern

UPDATED:

VERSION: February 17, 2021

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

FN:

SUMMARY:

This trailer bill establishes the California Small Business COVID-19 Relief Grant Program within the California Office of Small Business Advocate (CalOSBA) to provide grants to qualified small businesses affected by COVID-19 in order to continue to support their operations. This bill contains changes necessary to implement the 2020 Budget Act. Specifically, this bill:

Major Provisions

1. ***Program Administration.*** Establishes the California Small Business COVID-19 Relief Grant Program within CalOSBA.
 - a. Provides that the program shall be under the direct authority of the director.
 - b. Requires the office or its fiscal agent to consult with local, regional, state, and federal public and private entities that share a similar mission to support the needs of small businesses and nonprofits in California.
 - c. Allows the office to contract with a fiscal agent, or amend an existing contract with a fiscal agent to meet specified requirements to carry out the programs at a rate of no more than 5 percent of administrative and program funds.
 - d. Requires the office to allocate grants to qualified small businesses that meet the specified requirements.
2. ***Eligible Applicant.*** Defines a “qualified small business” to mean a business or nonprofit that meets the following criteria:
 - a. An annual gross revenue of less than \$2.5 million but greater than \$1,000, in the 2019 taxable year;
 - b. Began operating prior to June 1, 2019;
 - c. Is currently active and operating, or has a clear plan to reopen when the state permits reopening of the business;
 - d. Has been impacted by COVID-19 and the related health and safety restrictions, such as business interruptions or business closures incurred as a result of the COVID-19 pandemic;
 - e. Provides organizing documents as specified; and
 - f. Is the entity, location, or franchise with the highest revenue in a group.

3. **Eligible Business Forms:** Defines business types to include: A sole proprietor, independent contractor, 1099 employee, C-corporation, S-corporation, cooperative, limited liability company, partnership, or limited partnership.
4. **Eligible Nonprofit Forms:** Defines a nonprofit to include: A registered 501(c)(3), 501(c)(6), or 501(c)(19) nonprofit entity
5. **Ineligible Applicant.** Specifies that ineligible small businesses include certain political and financial industries and businesses that are unlawful under federal, state, or local law, among other restrictions.
6. **Qualified Small Business Grants.** Requires grants to qualified small businesses to be awarded in a minimum of three rounds, which includes a closed round in the following amounts:
 - a. \$5,000 for applicants with an annual gross revenue of \$1,000 to \$100,000 in the 2019 taxable year.
 - b. \$15,000 for applicants with an annual gross revenue of greater than \$100,000 and up to \$1 million in the 2019 taxable year.
 - c. \$25,000 for applicants with an annual gross revenue of greater than \$1 million and up to \$2.5 million in the 2019 taxable year.
7. **Program Prioritization.** Provides that grants shall be prioritized, to the extent permissible under state and federal equal protection laws, as follows:
 - a. Geographic Distribution based on COVID-19 health and safety restrictions following California's Blueprint for a Safer Economy and county status and the Regional Stay Home Order;
 - b. Industry sectors most impacted by the pandemic, including but not limited to, those identified as in the North American Industry Classifications System codes, as specified;
 - c. Nonprofit mission services most impacted by the pandemic, including but not limited to, emergency food provisions, emergency housing stability, childcare, and workforce development;
 - d. Underserved small business groups that have faced historic barriers to access to capital and networks, and are defined as businesses majority owned and operated, on a daily basis by women, minorities or persons of color, and veterans, or businesses in rural and low-wealth communities;
 - e. Disadvantaged communities tracked by socioeconomic indicators that may include, but are not limited to, low-to-moderate income, poverty rates, unemployment, educational attainment, and other disadvantaging factors that limit access to capital and other resources.

8. ***Outreach Mandates.*** Requires the office to conduct marketing and outreach for equitable awareness and the distribution of grants that includes all of the following:
 - a. Engaging multiple partners, including, but not limited to, business and nonprofit associations, chambers of commerce, economic development corporations, and other nonprofit mission-based organization, and organizations with nonprofit expertise.
 - b. Providing access to technical assistance services covering all counting in the state an in multiple languages to reach non-English-speaking individuals in all counties in the state.
 - c. Building awareness throughout the state, including in underserved and underbanked communities, by collaborating with multiple community groups to distribute program information, applicant access through multiple branded partner portals, and advertising and social media through owned, paid and earned media channels.
9. ***Outreach Prior to New Funding Rounds.*** Requires for the qualified small business program, outreach in advance of open application rounds to be conducted for a minimum of three weeks prior to opening each application round. Following each round, the fiscal agent shall assess service gaps and address outreach deficiencies as necessary to improve program equity.
10. ***Connecting Applicants to Other Resources.*** Requires the fiscal agent to provide information on how to connect to additional support resources to each applicant whether or not the applicant is selected as a grant recipient.
11. ***Special Round for Prior Applicants.*** Provides that the office or its fiscal agent may conduct a closed round for existing applicants from Rounds 1 and 2 of the COVID-19 Relief Grant, in order to award up to 25 percent of any newly allocated funds while initial outreach for future open rounds is conducted.
12. ***Cultural Institution Grants.*** Provides \$50 million of the total program funds to be allocated in a single round to eligible nonprofit cultural institutions, as follows;
 - a. Defines “eligible nonprofit cultural institution” to mean a registered 501(c)(3) nonprofit entity that satisfies the criteria for a qualified small business pursuant to subdivision (f) of Section 12100.82, but with no limitation on annual gross revenue, and that is in one of the following North American Industry Classification System codes as specified.
 - b. Provides that grants to eligible nonprofit cultural institutions to be prioritized on documented percentage revenue declines based on a reporting period comparing Q2 and Q3 of 2020 versus Q2 and Q3 of 2019.
 - c. Requires eligible nonprofit cultural institutions to complete a new application for the grants allocated under this subdivision, even if they already applied in Rounds 1 and 2 of the COVID-19 Relief Grant Program.

- d. Prohibits an eligible nonprofit cultural institution from receiving a grant if the eligible nonprofit cultural institutions was awarded a qualified small business grant.
- e. Provides that grants for eligible nonprofit cultural institutions be awarded as follows:
 - i. \$5,000 for applicants with an annual gross revenue of \$1,000 to \$100,000 in the 2019 taxable year.
 - ii. \$15,000 for applicants with an annual gross revenue of greater than \$100,000 and up to \$1 million in the 2019 taxable year.
 - iii. \$25,000 for applicants with an annual gross revenue of greater than \$1 million in the 2019 taxable year

13. ***Eligible Uses.*** Requires that grant money awarded shall only be used for costs resulting from the COVID-19 pandemic and related health and safety restrictions, including the following:

- a. Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.
- b. Working capital and overhead, including rent, utilities, mortgage principal, and interest payments, but excluding mortgage prepayments, and debt obligations, including principal and interest, incurred before March 1, 2020.
- c. Costs associated with reopening business operations after being fully or partially closed due to state-mandated COVID-19 health and safety restrictions and business closures.
- d. Costs associated with complying with COVID-19 federal, state, or local guidelines for reopening with required safety protocols, including, but not limited to, equipment, plexiglass barriers, outdoor dining, PPE supplies, testing, and employee training expenses.
- e. Any other COVID-19-related expenses not already covered through grants, forgivable loans, or other relief through federal, state, county or city programs.
- f. Any other COVID-19-related costs that are not human resource expenses for the state share of Medicaid, employee bonuses, severance pay, taxes, legal settlements, personal expenses, or other expenses unrelated to COVID-19 impacts, repairs from damages already covered by insurance, or reimbursement to donors for donated items or services.

14. ***Reporting Requirements Timeline.*** Requires the following information to be posted on the GO-Biz internet website and requires GO-Biz to provide an electronic copy of the information to the relevant fiscal and policy committees of the Legislature:

- a. Within seven business days of the close of each application period, the office shall post the aggregate data, as available;

- b. Within 15 business days of the close of each application period, the office shall post the data by legislative district, as available; and
- c. Within 45 business days, the office shall post the actual awarded information, as available.

15. **Reporting Requirement Content.** Authorizes applicants to self-identify race, gender, and ethnicity. Further, the bill requires the office to report the number of grant and dollar amounts awarded for each of the following categories:

- a. Race and ethnicity
- b. Women-owned
- c. Veteran-owned
- d. Located in a disadvantaged community
- e. Located in a rural area
- f. County
- g. State Senate District
- h. State Assembly District
- i. Nonprofits, including by geography
- j. Cultural institutions, including by geography.

16. **Definitions.** Includes various definitions including, but not limited to the following:

- a. “Applicant” means any California taxpayer, including, but not limited to, an individual, corporation, nonprofit organization, cooperative, or partnership, who submits an application for the program.
- b. “California Small Business COVID-19 Relief Grant Program” or “program” means the grant program established in Section 12100.83.
- c. “CalOSBA” or “office” means the Office of the Small Business Advocate within the Governor’s Office of Business and Economic Development.
- d. “Director” means the Director of the Office of the Small Business Advocate.
- e. “Fiscal agent” means a California-based Community Development Financial Institution (CDFI) capable of online and mobile application development, customer support, document validation, impact analysis, grant agreements, and awards disbursement, as well as marketing, engagement, and strategic partnerships with a network of CDFIs and nonprofits for implementation.

- f. “Rounds 1 and 2 of the COVID-19 Relief Grant Program” means the first two rounds of grant allocations awarded, prior to the enactment of this article, through the COVID-19 Relief Grant that is administered by CalOSBA and that is funded by Executive Order no. E 20/21-182.

17. Other Provisions.

- a. Requires the fiscal agent to issue 1099s and otherwise adhere to tax reporting guidelines.
- b. Excludes from gross income specified grant allocations, for taxable years beginning on or after January 1, 2020, and before January 1, 2030, received by a taxpayer for grant programs funded by Executive Order No. 20/21-182 and the California Small Business COVID-19 Relief Grant Program.
- c. Exempts from the Administrative Procedures Act for any regulation, standard, criterion, procedure, determination, rule notice, guideline, or any other guidance established or issued by the Franchise Tax Board or Go-Biz.
- d. Makes findings and declarations related to the gift of public funds and includes a severability clause.
- e. Sunsets OSBA and GO-Biz’s program authority on January 1, 2024.
- f. Takes effect immediately as a bill providing an appropriation related to the Budget Bill.

COMMENTS:

This bill is a budget trailer bill within the overall 2020-21 budget package necessary to implement actions related to grants for qualified small businesses affected by COVID-19.

According to the Author:

Arguments in Support:

California Chamber of Commerce

Arguments in Opposition:

None on File

FISCAL COMMENTS:

Appropriates \$2.075 billion from the General Fund to the Golden State Stimulus Emergency Fund.

VOTES:

SENATE FLOOR: 22-2-15

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

NO: Nielsen, Wilk

ABS, ABST OR NV: Bates, Borgeas, Dahle, Glazer, Gonzalez, Grove, Hueso, Hurtado, Jones, Limón, Melendez, Min, Ochoa Bogh, Skinner, Stern

UPDATED:

VERSION: February 17, 2021

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

FN:

SUMMARY:

This is the Golden State Stimulus trailer bill to provide \$600 in direct relief to millions of low-income Californians who qualify for the California Earned Income Tax Credit (CalEITC) or are recipients of other specific benefit programs. This bill contains changes necessary to implement the 2020 Budget Act. Specifically, this bill:

Major Provisions

Golden State Stimulus

1. Directs the Controller to make a one-time Golden State Stimulus tax refund payment in the applicable amount to each qualified recipient, as follows:
 - a. \$600 for a qualified recipient who is an eligible individual for the CalEITC who
 - i. Filed a California individual income tax return for the taxable year beginning on or after January 1, 2020, and before January 1, 2021;
 - ii. Has been allowed a CalEITC for that taxable year by November 15, 2021; and
 - iii. Is a California resident on the date the Controller issues the payment.
 - b. \$600 for a qualified recipient who
 - i. Filed a California individual income tax return on or before October 15, 2021, for the taxable year beginning on or after January 1 2020, and before January 1, 2021;
 - ii. Include on their return either their Individual Taxpayer Identification Number (ITIN), or, if married, the ITIN number of their spouse;
 - iii. Reported California adjusted gross income of \$75,000 or less; and
 - iv. Is a California resident on the date the Controller issues the payment.
 - c. \$1,200 for a qualified recipient who satisfies the requirements of both a and b.
2. Specifies that a qualified recipient does not include an individual who
 - a. Is eligible for the CalEITC but does not have a qualifying child;
 - b. Files their California individual income tax return using the single filing status, as specified; and
 - c. Is either deceased or is incarcerated, as specified, on the date the Controller would issue the payment.

3. Specifies that in the case a qualified recipient that files a joint return with their spouse, the qualified recipient and their spouse shall be considered one qualified recipient for the purposes of this program.
4. Specifies that the payment authorized by this section shall not be a refund or overpayment of income taxes, as specified.
5. Directs the Franchise Tax Board to provide return information to the Controller to allow the Controller to make payments pursuant to this section.
6. Creates the Golden State Stimulus Emergency Fund within the State Treasury and continuously appropriates from the fund to the Controller an amount necessary for the purpose of the Controller making Golden State Stimulus tax refund payments, pursuant to the provisions of this bill, to help low-income Californians.
7. Authorizes the Controller to transfer funds to the Golden State Stimulus Emergency Fund, as specified, and directs that any unused money remaining in the fund shall be transferred to the General Fund by June 1, 2024.
8. Provides that, to the extent there is no conflict with federal law, the payments authorized pursuant to this bill shall not be taken into account as income for the purposes of determining the eligibility for benefits of assistance of the amount or extent of benefits or assistance under any state or local program not covered by, as specified.

Golden State Grant Program

9. Directs the State Department of Social Services (DSS) to make a one-time grant payment in the amount of \$600 to each person who is one of the following on the operative date of this section:
 - a. An assistance unit as defined in Section 11450.16 of the Welfare and Institutions Code under the California Work Opportunity and Responsibility to Kids Act (CalWORKs).
 - b. A recipient of benefits provided under the Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants (CAPI), as specified.
 - c. A recipient of benefits under the Supplemental Security Income/State Supplemental Program (SSI/SSP), as specified.
10. States that the receipt of a payment under this section shall be treated in the same manner as the federal EITC for purposes of determining eligibility to receive benefits, as specified.
11. Provides that the receipt of a payment under this section shall not be taken into account as income, and shall not account as resources for a period of 12 months from receipt, for purposes of determining eligibility of that individual, or any other individual, for the

benefits or assistance, or amount or extent of benefits or assistance, under any state or local program, as specified.

12. Provides that, pursuant to Section 18941 of the Welfare and Institutions Code, a recipient eligible to receive a grant payment under either the criteria listed in 9a and 9b of this analysis, shall not receive the grant payment unless the department is able to issue the grant payments under both.
13. Provides that the State Department of Social Services may implement, interpret, or make specific this section by means of all-county letters or similar written instructions, which shall be exempt from submission to or review by the Office of Administrative Law. These all-county letters or similar instructions shall have the same force and effect as regulations.

Other Provisions

14. Exempts contracts or grants awarded pursuant to this bill from the Public Contract Code, State Contracting Manual, and personal services contracting requirements, as specified.
15. Allows for the Department of Finance to determine an amount to be appropriated to the State Controller's Office for the costs associated with processing and disbursing the tax refund payments. Requires the Controller to submit a detailed schedule of costs directly related to the activities required by this bill.
16. Specifies that the Controller shall not offset delinquent accounts against the payment authorized pursuant to Section 8150 of the Welfare and Institutions Code (Those who received the EITC for the 2020 taxable year and ITIN filers for the 2020 taxable year with California adjusted gross income of less than \$75,000).
17. Extends from May 1st to May 7th, the date by which the Department of Finance must transmit to each city and each county an estimate of the percentage change in the population of the city or the county exclusively for 2021.
18. Repeals Article 3 (commencing with Section 12350) of Chapter 4 of Part 2 of Division 3 of Title 2 of the Government Code, which required the Franchise Tax Board, in consultation with the Treasurer and the Department of Finance to develop a comprehensive plan for a California Economic Improvement Tax Voucher Program.
19. Includes findings and declarations related to the implementation of the Golden State Stimulus.

COMMENTS:

- 1) This is a budget trailer bill within the overall 2020-21 budget package necessary to implement actions related to the Golden State Stimulus.

- 2) Approximately 5.7 million low-income households in California will benefit from \$600 stimulus payments provided for in this bill.

According to the Author:

Arguments in Support:

None on File.

Arguments in Opposition:

None on File

FISCAL COMMENTS:

- 1) This trailer bill will have a net General Fund impact of approximately \$3.7 billion to provide GSS payments and grants in the current fiscal year, including:
 - a. \$2.3 billion to provide the \$600 additional tax rebate for all CalEITC recipients for the 2020 tax year.
 - b. \$470 million to provide the \$600 tax rebate for all ITIN tax filers up to \$75,000 of income.
 - c. \$243 million to provide the \$600 additional grant for families enrolled in CalWORKs.
 - d. \$750 million to provide the \$600 additional grant for individuals enrolled in SSI or CAPI.

VOTES:

SENATE FLOOR: 22-2-15

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

NO: Nielsen, Wilk

ABS, ABST OR NV: Bates, Borgeas, Dahle, Glazer, Gonzalez, Grove, Hueso, Hurtado, Jones, Limón, Melendez, Min, Ochoa Bogh, Skinner, Stern

UPDATED:

VERSION: February 17, 2021

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

FN:

SUMMARY:

Implements statutory provisions related to the budget to allow the State to align state programs requirements to align with COVID-19 federal relief provisions. Specifically, this bill:

Major Provisions

- 1) Clarifies that the state's participation in Federal-State Unemployment Insurance Extended Benefits authorized in AB 103, Chapter 22, Statutes of 2020, applies to federal Continued Assistance Act, which continued funding this program until March 14, 2021;
- 2) Makes technical and clarifying changes to eviction prevention provision contained in SB 91 (Chapter 2, Statutes of 2021) including changes that:
 - a) Clarifies that local rent repayment plans can have repayment schedules through August 31, 2022.
 - b) Clarifies the instances where the courts may reduce damages awarded for COVID-19 rental debt.
 - c) Clarifies that most actions to collect COVID-19 rental debt are stayed until August 1, 2021 unless otherwise provided.
 - d) Removes erroneous cross references;
- 3) Aligns the exemption of federal pandemic unemployment compensation from eligibility and grant determination for the CalWORKs program with an existing federal exemption from the CalFresh program;
- 4) Appropriates \$5 million for Earned Income Tax Credit outreach activities associated.

COMMENTS:

This bill implements statutory provisions necessary to implement the 2021 Early Action budget package. Specifically, this bill makes changes to existing state law to align with permissible uses of federal funding provided to states due to the COVID-19 pandemic.

According to the Author:

This bill is necessary to allow California to assist individuals impacted by the COVID-19 pandemic.

Arguments in Support:

None on file.

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

This bill contains a \$5 million appropriation, in addition SB 85 and AB 85, the early action amendment to the budget bill, contain \$242.3 million of funding for the Department of Social Services to reflect costs associated with conforming CalWORKs rules to federal guidelines for the treatment of pandemic unemployment relief income.

VOTES:

SENATE FLOOR: 22-2-15

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

NO: Nielsen, Wilk

ABS, ABST OR NV: Bates, Borgeas, Dahle, Glazer, Gonzalez, Grove, Hueso, Hurtado, Jones, Limón, Melendez, Min, Ochoa Bogh, Skinner, Stern

UPDATED:

VERSION: February 17, 2021

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

FN:

SUMMARY:

Implements statutory provisions necessary to implement the 2021 early action budget package. Specifically, this bill:

Major Provisions

- 1) Codifies the addendum to the existing memorandum of understanding State Bargaining Units 1, 3, 4, 11, 14, 15, 17, 20, and 21 related to contact tracing and appropriates \$1.8 million (\$817,000 General Fund) for employee compensation related to those provisions;
- 2) Reflects tentative agreement between the Governor and the Child Care Provider United – California to appropriate \$402 million in one-time federal Child Care and Development Block funds for the following purposes:
 - a. \$244 million to fund one-time provider “pandemic relief” stipend of an equivalent to \$525 per child enrolled in a subsidized child care program will be provided to all subsidized childcare providers;
 - b. \$76 million to extend child care alternative payment vouchers for essential workers current in program;
 - c. \$80 million to expand child care alternative payment voucher access to new essential workers;
 - d. \$1.75 million and \$250,000 for CDE and DSS administration costs, respectively.
 - e. Provides authority for an additional 16 paid non-operational days for voucher-based providers applicable from September 1, 2020, through June 30, 2021, to provide up to a total of 40 paid nonoperational days in 2020-21. Eligible providers include those participating in alternative payment programs pursuant to Alternative Payment Programs, Migrant Alternative Payment, Family Child Care Home Education Networks, and Child Care under the CalWORKs Program; and
- 3) Appropriates \$110 million in federal Coronavirus Relief Funds for the following pandemic response expenditures related to child care:
 - a. \$80 million for emergency child care allocated to extend and expand emergency child care as well as address agency over-earnings for school age children now on Distance Learning and requiring care during school hours;
 - b. \$30 million to pay providers the cost of lost fees while families are on Distance Learning. The Budget Act exempted families not receiving in-person care (aka Distance Learning) from any family fees.

COMMENTS:

The bill institutes statutory provisions necessary to implement the 2021 Early Action budget process related to amending and enacting labor agreements and directing federal funds provided to the state for child development. This bill is an essential part of an approximately \$9.6 billion Early Action package that provided relief and assistance to Californians impacted by the COVID 19 pandemic.

According to the Author:

This bill is necessary to assist Californians impacted by the COVID-19 pandemic.

Arguments in Support:

None on file.

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

This bill contains \$513.8 million (\$817,000 General Fund) in funding, with most of these funds reflecting one-time federal relief.

VOTES:

SENATE FLOOR: 22-2-15

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

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UPDATED:

VERSION: February 17, 2021

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

FN:

SENATE THIRD READING

SB 94 (Skinner)

As Amended February 17, 2021

Majority vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY:

This trailer bill exempts Board of Barbering and Cosmetology licensees from paying license renewal fees, and authorizes the Department of Alcoholic Beverage Control to issue renewal fee waivers to certain licensees, as specified.

Major Provisions

- 1) Prohibits the Department of Consumer Affairs from seeking to collect license renewal fees from Board of Barbering and Cosmetology licensees for licenses expiring between January 1, 2021 and January 1, 2023.
- 2) Exempts a Board of Barbering and Cosmetology licensee from paying license renewal fees for licenses expiring between January 1, 2021 and January 1, 2023.
- 3) Specifies that if the Board of Barbering and Cosmetology licensee has paid their renewal fee, the Board is prohibited from returning or refunding the payment and instead requires the Board to exempt the licensee from paying the renewal fee for the subsequent renewal period.
- 4) Authorizes the Department of Alcoholic Beverage Control to issue renewal fee waivers to licensees most severely impacted by the COVID-19 pandemic for licenses that expire between March 1, 2021 and February 28, 2023.
- 5) Provides that the Department of Alcoholic Beverage Control license renewal waiver would only apply to specified license types that were active between March 1, 2020, and December 31, 2020.
- 6) Requires a licensee seeking a Department of Alcoholic Beverage Control license renewal fee waiver to certify under of penalty of perjury that they qualify for the waiver.
- 7) Requires the Department of Alcoholic Beverage Control to publish guidelines and requirements for submitting a fee waiver request and the manner of certification.
- 8) Specifies that if a licensee does not request the fee waiver in the manner provided by the Department of Alcoholic Beverage Control, then the licensee shall not be eligible for a fee waiver and must pay any penalties that may be applicable if they do not pay their fee.
- 9) Appropriates \$25.6 million from the General Fund to the Barbering and Cosmetology Contingent Fund to be used to backfill revenues related to the license renewal fee waivers.

COMMENTS:

This 2020-21 budget trailer bill implements the February 2021 early action package provisions related to small business license fee exemptions. The appropriation for the Department of Alcohol Beverage Control license renewal fee waivers is appropriated in SB 85 (Senate Committee on Budget and Fiscal Review).

According to the Author:

None on file.

Arguments in Support:

California Chamber of Commerce

Arguments in Opposition:

None on file.

FISCAL COMMENTS:

This bill makes an appropriation by providing \$25.6 million from the General Fund to the Barbering and Cosmetology Contingent Fund to be used to backfill revenues related to the license renewal fee waivers.

VOTES:

SENATE FLOOR: 22-2-15

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

NO: Nielsen, Wilk

ABS, ABST OR NV: Bates, Borgeas, Dahle, Glazer, Gonzalez, Grove, Hueso, Hurtado, Jones, Limón, Melendez, Min, Ochoa Bogh, Skinner, Stern

UPDATED:

VERSION: February 17, 2021

CONSULTANT: Jessica Duong / BUDGET / (916) 319-2099

FN:

SUMMARY:

This bill encompasses the three distinct components for the Legislature’s “Safe and Open Schools Plan,” intended to facilitate a safe and phased approach to reopening all public schools TK through 6th grade for in person instruction this year:

- 1) Public Health & School Status Data & Vaccines;
- 2) School Reopening Incentive Grants, and
- 3) Student Learning Recovery Grants.

The bill appropriates a total of \$6,557,443,000 in Proposition 98 General funds for these purposes.

This bill also authorizes the California Student Aid Commission to waive the requirement that homeschooled students submit standardized test scores in lieu of a Grade Point Average (GPA) for the 2021-22 academic year to qualify for the Cal Grant program. This waiver authority would only apply to students that certify they are unable to access a standardized test due to the impacts of the COVID-19 Pandemic.

This bill also clarifies the deadlines for local education agency Coronavirus Relief Fund expenditures and authorizes the department to recover unspent funds.

Major Provisions

COVID-19 Reporting and Public Health Requirements

This bill would:

- 1) Require local education agencies and private schools maintaining kindergarten or any of grades 1 to 12, inclusive, to report employee and student COVID-19 positive cases and other relevant data, no later than 24 hours after learning of the positive COVID-19 case, to the local health officer.
- 2) Make reporting under this Section not subject to disclosure under the state Public Records Act, and prohibit this information from being disclosed by the local health officer, except as provided.
- 3) Require local public health officers to take necessary steps to respond to the possible spread of COVID-19 cases, as reported on a school campus.
- 4) Require every school district, county office of education, charter school, and private school maintaining kindergarten or any of grades 1 to 12, inclusive, to notify the State Department of Public Health (CDPH) twice each month, as specified, of the following:

- a) Number of enrolled pupils by school site and local education agency (LEA).
 - b) Number of pupils participating in 1) full-time in-person instruction, 2) full-time distance learning instruction, and 3) a hybrid of in-person and distance learning.
 - c) Number of employees working onsite, by school site and LEA.
 - d) Number of pupils served in-person, in cohorts, during school closures, and services pupils are receiving in-person.
 - e) Any additional information requested by the CDPH.
- 5) Require the CDPH to develop and provide forms and procedures for the above reporting requirements, and maintain a publicly available website for school site and statewide data, as reported.
 - 6) Require local education agencies and private schools to post a completed COVID-19 school safety plan, as specified, on its internet website home page by April 1, 2021.

Student Learning Recovery Grants:

This bill would provide \$4.56 billion in one-time Proposition 98 funds for Student Learning Recovery grants to every LEA (except non-classroom based charters) to facilitate the launch of multi-year learning loss mitigation plans, as follows:

- 1) Provide a student learning recovery grant, based on the Local Control Funding Formula (LCFF), with specific additional amounts for homeless students per ADA, and a flat formula for the State Special Schools.
- 2) Require LEAs to provide in-person instruction to access funds, but allow up to 15% of funds to provide services online.
- 3) Allow funds to be used for instructional and student supports including, but not limited to: summer school, extended year, extended instructional time, and other in-person services such as one-on-one tutoring. For the 2020-21 school year, up to 10% of funding may be spent to implement school reopening limited to support instructional services related to learning loss.
- 4) Allow LEAs to use these funds no later than Summer 2021 and through September 2022, for a multi-year approach to student learning recovery.
- 5) Establish the following unique definitions for the purpose of the chapter, for learning recovery and in-person instruction grants:
 - a) “Supplemental instruction” means instructional programs provided in addition to, and complementary to, the regular instructional program offered or provided by an LEA.
 - b) “Support” means interventions designed to meet the behavioral, social, emotional and basic needs of students necessary to engage in and benefit from supplemental instruction as offered through the program.

- c) “Disengaged student” means a student identified pursuant to the tiered re-engagement requirements established for 2020-21 academic year, pursuant to Section 43504.
 - d) “COVID-19 school safety plan” means the plans adopted by an LEA consistent with, and containing both, the written COVID-19 (C-19) prevention program required by CalOSHA, and the supplemental C-19 School Guidance Checklist approved by the CDPH.
- 6) Require that LEAs receiving funding implement a tiered program of supplemental instruction and support that offers, at minimum:
- a) Supplemental instruction to pupils.
 - b) Support for pupils’ social and emotional wellbeing.
 - c) Meal and snacks, to the maximum extent permissible under federal guidelines.
- 7) Require funds to be expended for any of the following:
- a) Extending instructional learning time beyond the LEA’s adopted academic calendar of instructional minutes, for summer or out-of-school time for instructional learning.
 - b) Tutoring or other one-on-one or small group instruction.
 - c) Learning recovery programs.
 - d) Educator training in accelerated learning, learning gap strategies, and trauma-informed and social-emotional practices.
 - e) Integrated pupil supports, including health, youth-development, counseling and mental health services.
 - f) Community learning hubs for pupil access to technology and other academic supports.
 - g) Supports for credit-deficient high school pupils, and to improve pupil college eligibility.
 - h) Additional academic services, including diagnostic assessments.
- 8) Strongly encourage LEAs to:
- a) Engage, plan, and collaborate on program operation with community partners, including local public agencies and community-based organizations, leverage existing behavioral health partnerships, and partner with expanded learning programs such as the After School Education and Safety program.
 - b) Leverage Medi-Cal LEA Billing Option and Medi-Cal Administrative Activities programs for eligible students.
- 9) Establish following groups of students as a minimum for support offerings under the program:
- a) Free or reduced-price meal eligible pupils.
 - b) English learners.
 - c) Pupils at risk of abuse or neglect.
 - d) Foster youth.

- e) Homeless youth.
 - f) Disengaged students.
 - g) Pupils below grade level, including children who did not enroll in kindergarten or are at risk of not meeting graduation requirements.
- 10) Require the California Department of Education (CDE), by March 15, 2021, to develop a template for all LEA’s supplemental instructional and support plan, and require that the plan template include a section requiring an explanation of how LEAs will coordinate these funds with federal Elementary and Secondary School Emergency Relief funds and how the planning process engages stakeholders and informs parent/guardians of pupil opportunities.
- 11) Require, on or before June 1, 2021, for LEAs to adopt a plan describing how funds will be used pursuant to this section.
- 12) Requires that, by May 1, 2021, the CDE and California Collaborative on Educational Excellence (CCEE) provide a best practice guide to LEAs to achieve the purposes of this funding, including:
- a) Guidance and professional development resources.
 - b) Guidance on effective practices.
 - c) Best practices for contacting and re-engaging disengaged students.

In-person Instruction Support Grants

This bill would provide \$2 billion in one-time Proposition 98 funds for in person instruction grants to every LEA (except non-classroom based charters) to facilitate safe return to in-person instruction, with conditions of funding as follows:

- 1) By April 15th, LEAs shall offer in person instruction for vulnerable TK-12 student groups served in small cohorts (using existing CDPH small cohort guidance). This requires LEAs to provide in-person instruction to small cohorts of vulnerable TK-12 students by this date, regardless of what color tier the county is in. LEAs may determine priority and capacity of in person offerings. Vulnerable student groups include:
 - a) Students with Disabilities
 - b) Foster & Homeless Youth
 - c) Students at-risk of abuse or neglect
 - d) English Language Learners
 - e) Students Lacking Digital Access
 - f) Disengaged students.
- 2) By April 15th, if in county in “Red Tier” for C-19, or within 15 days of county reaching Red Tier, LEAs shall reopen for in person instruction for TK-6 students. LEAs are allowed to open sooner with COVID safety plan, pursuant to public health guidance.

- 3) LEAs that choose to open earlier, or have already opened, or already bargained a reopening plan but have not yet reopened are allowed to access funds and continue to operate under their locally negotiated agreement adopted under the public health standards from date of adoption.
- 4) LEAs that do not plan to re-open by April 15th can opt-out of receiving funding.
- 5) LEAs are required to have a C-19 school safety plan adopted by April 1st. Bargaining agreements pursuant to this plan must be submitted to the County Office of Education.

COVID-19 Vaccines

This bill requires that local departments of public health ensure all school staff who provide pupil instruction or services in-person are eligible to receive a vaccine.

COMMENTS:

Learning Loss Pandemic. The first California data representing a large number of students and disaggregated by grade and subgroup, released this month by the Policy Analysis for California Education (PACE), shows significant learning loss, with the largest effect among low income and English learner students.

These data come from the CORE Data Collaborative, and represent the performance of over 50,000 students enrolled in 18 school districts, on the MAP and STAR assessments in English language arts (ELA) and mathematics administered in grades 4-10. Statewide assessment data is not available, due in part to the suspension of statewide assessments in ELA and mathematics in 2020. Researchers compared growth from 2019 to 2020, compared to typical growth, based on the prior three school years. The analysis found that:

- a) There has been significant learning loss in both ELA and math, with students in earlier grades most impacted.
- b) The equity impact is severe – certain student groups, especially low-income students and English Learners, are falling behind more compared to others.

PACE notes, “The average learning loss estimates mask the reality that some students in California are suffering during this time much more than others, and that without aggressive and bold actions, these students may never catch up. Any funding or support designed to mitigate learning loss must be targeted specifically to the students that need it most.”

PACE notes that in some grades, the impact is quite severe. For example, English learners in 5th graders taking the MAP ELA assessment grew 30% slower than in a typical year. And they note that in some grades SED students lost learning while higher income students’ learning actually accelerated.*

This bill specifically requires LEAs to serve students who have disengaged from school in the 2020-21 school year, for cohort services and learning recovery engagement. Current law requires LEAs to adopt written tiered procedures for the re-engagement of those students.

Available preliminary enrollment data reported by the CDE, as well as national estimates of the effect of the pandemic on enrollment, raises serious concerns about the number of students who were “lost” to the system in the current school year, and the long term effects of that absence on high school graduation and future success:

- a) According to the preliminary data reported by the CDE, as of December, 2020, public school enrollment had declined, year-over-year, by nearly 156,000 students. After accounting for expected natural decline in enrollment of approximately 0.5%, these data suggest a decline of nearly 130,000 students. Some of these students may have enrolled in private schools or are being homeschooled, and more families than anticipated may have moved out of the state, but evidence below suggests that some may simply not be attending school of any kind this year.*
- b) The Los Angeles Unified School District (LAUSD) reported in the fall of 2020 that enrollment in kindergarten had declined at a rate three times higher than in the two prior years (a 14% year-over-year decline). LAUSD reported that the highest declines were in the poorest neighborhoods, and suggested that this may be due to the inability of low income families to provide full-time support for distance learning, which is needed for young students.*
- c) McKinsey and Company, noting that students who miss more than ten days of school are 36 percent more likely to drop out, reports that in the wake of school closures following natural disasters (after Hurricane Katrina and Hurricane Maria, 14 to 20 percent of students never returned to school), estimates that an additional 2 to 9 percent of high-school students could drop out as a result of the pandemic and associated school closures.*

Many conditions possibility contributing to student disengagement were well known prior to the pandemic, and include:

- a) **Disparities in technology access undermine distance learning.** According to the Public Policy Institute of California (2021), in the spring of 2020 more than 25% of California students did not always have internet access available. The share was larger among children in low-income (43%), African American (39%), and Latino (33%) families. A third of all households did not always have a device available for learning, including half of low-income households. In spite of efforts to improve access, “internet access remains a widespread problem. More than 30% of Latino students still lack reliable home internet, as do nearly 40% of low-income students—essentially unchanged from the spring.”*
- b) **“Essential,” low wage employment reduces parents’ ability to support distance learning, increases spread of virus.** The “essential” nature of employment among many low income parents has left them unable to supervise distance learning. Employment outside the home is also a factor in markedly higher disease rates in low income communities, which will likely also prolong the duration of distance learning in schools in these communities. A January 2021 Los Angeles Times article reported that test positivity

rates among students in communities where the median income is \$37,000 was 32%, while in a community where the median income is \$73,000 the student test positivity rate was 4.3%.*

- c) **Parents face compounded crises of unemployment, housing insecurity, food insecurity, lack of child care.** The economic consequences of the pandemic are compounded for many low income families. Adding to higher disease and death rates and the closure of schools, many face unemployment, overcrowded housing or homelessness, the threat of eviction, food insecurity, lack of child care, all in the context of a national political climate.*
- d) **Waivers for in-person instruction went disproportionately to private schools.** CDPH guidance permitted schools in the most restrictive “Purple” Tier to open to serve students in-person in grades K-6 through a waiver process. According to a CalMatters analysis of CDPH data, as of September, 2020, more than 500 private school waivers had been approved, compared with roughly four dozen public school districts and charter schools, comprising little more than 120 campuses. These waivers represent at least 25% of private school K-6 enrollment, but just 1.6% of K-6 public school enrollment.*

Leverage Effective Summer & Expanded Learning Programs. This bill proposes the creation of a program to support summer and expanded learning opportunities in 2021, and encourages LEA to adopt a tiered approach to instruction and support which integrates a variety of engaging experiences in a positive school climate. This approach is supported by research on effective summer learning. A 2018 PACE research brief emphasized that effective summer programs provide engaging programs with both academic and enrichment offerings. Noting that consistent attendance is key to improving outcomes, they point to research indicating that districts that integrate academics and enrichment in a positive climate experience strong program attendance. The brief notes that remediation, credit recovery, and skill development goals can be achieved if programs focus on engaging and motivating students.*

The National Summer Learning Project, a research initiative conducted by the RAND Corporation, notes that several components are needed for successful summer programs, and based on this research recommend that schools:

- a) Plan early and well for both enrichment activities and academics
- b) Recruit and hire the district’s most highly effective teachers and provide professional development
- c) Schedule the program to include at least 25 hours of math and 34 hours of language arts, operating the program for five to six weeks with three to four hours of academics per day
- d) Adopt student recruitment and attendance policies that aim for high attendance rates
- e) Provide teachers with high-quality curriculum materials and small class sizes
- f) Adopt intentional policies related to site climate, which drives student enjoyment and is correlated with attendance.*

*All research citations attributable to research by the Assembly Education Committee.

Governor’s Budget Proposal

The Governor’s proposed budget for 2021-22 includes \$2 billion for competitive reopening grants and \$4.6 billion for a learning loss grant. The state additionally received \$6 billion in federal funds for safe re-opening, measuring and addressing learning loss, and other actions to mitigate the effects of COVID-19 on students.

The most significant differences between this bill and the Governor’s Budget proposal are that this bill:

- a) Creates a \$2 billion block grant with funding conditions (below) for LEAs, rather than a competitive grant, and combines learning recovery, reopening, and federal Title I grants for one \$12.6 billion in person instruction and recovery plan.
- b) Requires LEAs to serve all identified vulnerable pupil groups in small cohorts regardless of public health “Tier” no later than April 15th.
- c) Requires LEAs to reopen for TK-6 in-person instruction no later than April 15th once in, or within 15 days of entering the “Red Tier,” rather than an additional requirement to reopen for TK-2 in-person instruction in the “Purple Tier.”
- d) Creates more specific minimum standards for Learning Recovery grants based on evidence-based best practice, and state infrastructure to support LEA plan implementation.
- e) Requires local public health departments to offer COVID-19 vaccines to school employees serving pupils in person.

According to the Author:

Arguments in Support:

Arguments in Opposition:

FISCAL COMMENTS:

The bill appropriates a total of \$6,557,443,000 in Proposition 98 General funds for LEAs, to supplement local and federal resources for these purposes.

VOTES:

SENATE FLOOR: 25-1-13

YES: Allen, Archuleta, Atkins, Becker, Borgeas, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Hertzberg, Laird, Leyva, McGuire, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Umberg, Wieckowski, Wiener

NO: Wilk

ABS, ABST OR NV: Bates, Dahle, Glazer, Gonzalez, Grove, Hueso, Hurtado, Jones, Limón, Melendez, Min, Skinner, Stern

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VERSION: February 18, 2021

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FN: