

2019 Budget Trailer Bill Analyses Packet

Monday, June 17, 2019

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SUMMARY:

This is the Proposition 98 Certification Process trailer bill for the 2019-20 budget. It contains various statutory changes necessary to implement the Budget Act of 2019. Specifically, this bill:

- 1) Makes changes to the process for certifying the Proposition 98 minimum guarantee, including:
 - a. Eliminates the Proposition 98 Cost Allocation Schedule created in the 2018-19 budget. The Cost Allocation Schedule allowed for the state to account for Proposition 98 appropriations in excess of the amounts required to satisfy the minimum funding obligation to school districts and community college districts and use any credits to satisfy the minimum guarantee for any prior years.
 - b. Prohibits the state from making downward adjustments to the Proposition 98 funding level once a fiscal year is over. Requires the state to make upward adjustments to the Proposition 98 funding level after the fiscal year is over, if the calculation results in an increase in a prior year.
- 2) Includes a cap on the cost of living adjustment (COLA) for the Local Control Funding Formula (LCFF) continuous appropriation in future years, if the COLA for LCFF and other K-14 programs exceeds growth in the Proposition 98 guarantee. Adjusts the COLA for programs outside the LCFF by a like amount.
- 3) Provides \$282.2 million in Proposition 98 “settle-up” funding in 2019-20 to allocate to school districts and community colleges for the purposes of reducing the outstanding Proposition 98 funding owed to schools for the 2009-10, 2011-12, 2013-14, 2014-15 and 2016-17 fiscal years. Funding is provided for the LCFF for school districts and charter schools, deferred maintenance for community colleges and other K-12 education and community college programs, as specified.

COMMENTS:

This bill makes various changes to implement budget actions related to the Proposition 98 Certification Process, adopted as part of the 2019-20 Budget package.

CONSULTANT: Katie Hardeman / BUDGET / (916) 319-2099

SUMMARY:

This is the higher education budget trailer bill as part of the Budget Act of 2019.

Major Provisions:

UC Scholarships. Allows the University of California to use institutional funds to provide scholarships for California students who meet the university's definition of a California resident.

1. **Nonresident Tuition Exemption.** Specifies that a student at California State University or a California community college who is receiving benefits under the federal Vocational Rehabilitation and Employment program is exempt from nonresident tuition.
2. **Cal Grant B Service Incentive Grant Program.** Establishes the Cal Grant B Service Incentive Grant Program, under the administration of the California Student Aid Commission (CSAC), for students that qualify for the exemption from nonresident tuition established by AB 540. Students will receive a stipend of up to \$1,500 per semester or \$1,000 per quarter if they perform at least 100 hours of community or volunteer service per quarter or 150 hours of community or volunteer service per semester.
3. **AB 540 Student Access to Competitive Cal Grant Program.** Repeals language that prevented students that qualify for the exemption from nonresident tuition established by AB 540 from receiving a competitive Cal Grant, and instead adds legislative intent language that states that all forms of state-based aid in California be made equally available to all students eligible for state-based financial aid.
4. **California Kids Investment and Development Savings (KIDS) Program.** Creates the California Kids Investment and Development Savings (KIDS) Program, which will provide state funding to open college savings accounts for every low-income California child, and encourage parents to match the state's contribution. The program will be administered by the state Scholarshare Board.
5. **Local College Savings Account Grant Program.** Supports a second round of state funding for local college savings account programs. Grants will be available for existing local programs and to launch new local programs. The program will be administered by the California Student Aid Commission.
6. **Field Act Exemption.** Provides an exemption of the Field Act for buildings operated by a nonprofit foundation on federal land.
7. **Community College Student Centered Funding Formula.** Makes several changes to the Student Centered Funding Formula, including capping outcomes funding to 10% of the overall formula, limiting colleges to points for the highest degree a student earns in a

year, setting a three-year average for outcomes, altering the definition of a transfer student and extending the hold harmless period for an additional year.

8. **Center to Close Achievement Gaps.** Creates the Center to Close Achievement Gaps at California State University. The center's mission is to eliminate gaps in academic achievement between subgroups of pupils enrolled in kindergarten and grades 1 to 12 through providing preservice preparation of educators in the CSU system and serving as a resource for local educational agencies (LEAs) on strategies for closing achievement gaps.
9. **UC programs report.** Amends statute requiring the University of California to report to the Legislature annually on systemwide initiatives and their costs, to ensure that all programs and initiatives are included in the report.
10. **Collaborative for Neurodiversity and Learning.** Establishes the University of California and California State University Collaborative for Neurodiversity and Learning, with the goal of bringing together leading experts in brain research and K-12 education to strengthen educational support and new teaching methods for children with diverse learning needs, including children with dyslexia and literacy issues.
11. **California State Law Library Special Account.** Extends the sunset date of the California State Law Library Special Account until 2025.
12. **CalFresh effectiveness.** Directs the Department of Social Services, in consultation with the University of California, the California State University, and California Community Colleges, to assess the effectiveness of the federal CalFresh program in serving low-income college students and provide recommendations to the Department of Finance and Legislature to improve college student access to the program.
13. **Community college reentry program.** Directs the California Community College Chancellor's Office to administer a grant program serving currently incarcerated and formerly incarcerated students. Colleges may apply for grants to support these students by offering services such as academic counseling, financial aid information and career counseling.
14. **Community college basic needs report.** Requires the California Community College Chancellor's Office to report by March 1, 2020 on the use of funds to address student basic needs, including housing and food insecurity.
15. **Cal Grants for Students with Dependent Children.** Creates a new Cal Grant access award of \$4,000 or \$6,000 for California Community College, University of California and California State University students with dependent children, as specified.
16. **Cal Grants for Students at Accredited Private Non-Profit Institutions.** Extends the timeframe by one-year to 2019-20 for accredited private non-profit institutions to meet associate degree for transfer (ADT) admission requirement to maintain the maximum Cal Grant award of \$9,084.

- 17. Competitive Cal Grant Awards.** Increases the number of competitive Cal Grant Awards from 25,750 to 41,000.
- 18. Middle Class Scholarship.** Adjusts the appropriation for the program to reflect updated caseload and eligibility for the program. The appropriations for the 2017-18 fiscal year adjusts to \$100 million, 2018-19 fiscal year adjusts to \$107 million, 2019-20 adjusts to \$110.3 million, and 2020-21 adjusts to \$117 million.
- 19. California College Promise Program.** Authorizes colleges, meeting specified requirements, to use \$43 million Proposition 98 General Fund, to waive fees for first-time full-time community college students for two academic years.
- 20. Legislative Analyst's Office Reports.** Amends the deadline for the final evaluation of the community college baccalaureate degree pilot program from July 1, 2021 to February 1, 2020, and eliminates the September 30, 2019 report for the Seymour-Campbell Student Success Act.
- 21. California State University Capital Outlay.** Authorizes remaining bond funds from 1996, 2002, 2004, and 2006 to be appropriated to the California State University Los Angeles Physical Sciences Building Renovation project.
- 22. California State University Post-Employment Benefits.** Amends the health and dental benefit vesting schedule for specified new CSU employees to ten years. Additionally, authorizes the California Public Employee's Retirement System to provide CSU information to notify retirees of eligibility to various retirement benefits offered by the CSU.
- 23. Various Adjustments.** Makes other various technical adjustments related to reappropriation and technical assistance.

FISCAL COMMENTS:

This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions related to higher education.

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

SENATE THIRD READING
SB 82 (Committee on Budget and Fiscal Review)
As Introduced January 10, 2019

SUMMARY:

This trailer bill makes statutory changes related to state administration necessary to implement the Budget Act of 2019.

Specifically, this bill:

- 1) Requires additional funds appropriated in the 2019 Budget Act for voting system replacement for counties to be used for the same purposes as the funds appropriated in the Budget Act of 2018 and requires that a county provide matching funds that are equivalent to one-quarter of the state funds received in order to receive reimbursement and would exempt counties with fewer than 50 precincts in the November 8, 2016 statewide general election from the requirement to provide matching funds. Also, adds the purchase or lease of an election management system as a reimbursable voting system replacement activity.
- 2) Makes state law consistent with the State Constitution and requires the full text of a measure related to debts and liabilities, including a bond measure, to be printed in the state voter information guide.
- 3) For San Diego County, assigns the redistricting administrative role to the Clerk of the Board of Supervisors rather than to the Registrar of Voters.
- 4) Establishes the Office of Digital Innovation.
- 5) Authorizes an adjustment of renewal fees for various Alcoholic Beverage Control Act licenses beginning in January 2021. The fees cover the costs of the Department of Alcoholic Beverage Control activities related to licensing and enforcement.
- 6) Authorizes the Department of Alcoholic Beverage Control to charge fees to cover reasonable costs for administering the Responsible Beverage Service training program and authorizes the department to change a fee, not to exceed \$5 per person for administering the exam required for alcohol server certification.
- 7) Restores a section of statute that was inadvertently allowed to sunset when last year the Bureau for Household Goods and Services went through sunset review. This section provides the statutory authority for the Bureau to collect initial registration and renewal fees for service contractors. This was an oversight and not intentional as every other section of law dealing with service contractors was granted a sunset extension.
- 8) Conforms statute to the current budgetary structure at California Department of Veterans Affairs (CalVet) that began in 2008-09 in which the Veterans Homes are fully funded from the General Fund and as federal dollars and other revenues come in these funds are returned to the General Fund to offset CalVet's costs.

- 9) Amends existing Public Utilities Code to allow CPUC to conduct reviews *and audits* of utilities' balancing accounts that reflect the balance between costs and revenues.
- 10) Requires compensation for the president of the Public Utilities Commission to be adjusted annually based on various factors, but not to exceed 125 percent of the compensation for the Governor recommend by the California Citizens Compensation Commission.
- 11) Eliminates the two subaccounts in the Safety Net Reserve Fund and allows for the Fund to be utilized, upon appropriation by the Legislature, in addition to other state revenues, for the purpose of maintaining existing program benefits and services for the Medi-Cal and CalWORKs programs during economic downturns, when program costs may increase due to economic conditions.
- 12) Updates references to the Department of Finance's Demographic Research Unit in various sections of law.
- 13) Provides the Department of General Services the authority to enter into agreements on the use of the Sonoma Developmental Center property, including the sale of the property if certain conditions can be met.
- 14) Authorizes the State Public Works Board, instead of the local fire marshal, to grant exemptions for state facilities from existing requirements to install diaper changing stations in rest rooms.
- 15) Extends the sunset on the California Initiative to Advance Precision Medicine by six years, from January 1, 2020 to January 1, 2026.
- 16) Exempts the California Highway Patrol location within the Capitol Annex project from the Essential Services Building Seismic Safety Act of 1986 and other requirements usually applied to CHP emergency dispatch locations.
- 17) Allows local agencies and schools to use the State's GS\$Mart procurement and financing process and makes other conforming technical changes to the GS\$mart program reporting.
- 18) Creates the Office of Digital Innovation within the Governmental Operations Agency and provides the authority for this office to make changes to the State Administrative Manual.
- 19) Expands existing reporting requirements for the FI\$Cal project to include implementation status of departments and the reporting of data for the State's Comprehensive Annual Financial Report.
- 20) Makes the Department of FI\$Cal responsible for penalties if the Financial Information System for California results in delays in the Controller being unable to comply with the terms of the California Prompt Payment Act and makes conforming changes throughout the Act.
- 21) Deletes the obsolete reference to the 21st Century Project and instead makes the provision of an electronic statement of the itemized deductions made from an employee's

salaries or wages contingent on the funding of the necessary technology to provide this information and its implementation by the Controller.

- 22) Requires that the total cost for the R Street Parking Structure not exceed \$40.7 million and requires that the revenue generated from the parking structure be made available to make lease payments to Capital Area Development Authority (CADA) until the Department of General Services lease payment obligations under the lease are repaid in full.
- 23) Clarifies that funding set aside for the State Capitol Annex project can accrue interest.
- 24) Authorizes the Director of Finance to transfer the unexpected surplus balance of a capital outlay project back to the original source of funding.
- 25) Makes an appropriation of \$2.9 million from the Alcohol Beverage Control Fund to the Department of Alcoholic Beverage Control for expenditure in the 2019-20 fiscal year in to fund the Responsible Beverage Server Training Program Act and to provide electronic services for licensees.

COMMENTS:

This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions related to state administration.

CONSULTANT: Farra Bracht / BUDGET / (916) 319-2099

SUMMARY:

This is the Labor and Employment Trailer bill for 2019-20. It contains various statutory changes necessary to implement the Budget Act of 2019. Specifically, this bill:

- 1) Extends the duration of Paid Family Leave benefits from 6 weeks to 8 weeks beginning July 1, 2020 and reduces the reserve requirement for the Disability Insurance Fund from 45 percent to 30 percent beginning July 1, 2019. Adopts intent language to convene a task force to develop a proposal by November 2019 to extend the duration of Paid Family Leave benefits to six months by 2021-22, for parents to care for and bond with their newborn or newly adopted child. The proposal will also address job protections for workers and the goal of providing a 90 percent wage replacement rate for low-wage workers utilizing the Paid Family Leave program to bond with a child.
- 2) Provides \$5 million in one-time General Fund to create an outreach and education grant program for domestic workers. The California Division of Labor Standards Enforcement allocates grants to community based organizations (CBOs) to provide education and outreach services primarily focused on, but not limited to domestic work employees and employers.
- 3) Requires the Division of Occupational Safety and Health to complete rulemaking to revise the lead standards of the general industry safety orders and the construction safety orders consistent with scientific research and findings by September 30, 2020.
- 4) Eliminates duplicative training requirements for employers who are subject to the mandates of both the Property Service Worker's Protection Act AB 1978 (2016) and the Fair Employment and Housing Act requirements included in SB 1343 (2018).
- 5) Allows family care leave benefits to be available to excluded employees (enrolled in annual leave) on enhanced Nonindustrial Disability Insurance (NDI) to also take paid time off to care for a seriously ill family member or bond with a new child, beginning July 1, 2019.
- 6) Provides the Department of Human Resources (CalHR) with direct transfer authority for its reimbursable programs.
- 7) Clarifies that benefits for exempt and excluded employees not related to a bargaining unit align with the state's Other Post-Employment Benefit prefunding policies for all state employees beginning July 1, 2019. This technical change clarifies that these new

employees are subject to a lower employer contribution for future retiree health benefits (80/80 percent contribution formula vs. 100/90 percent contribution formula).

- 8) Repeals the provision of current law that requires that on or after January 1, 2010, payments to employees paid on June 30 of each year be issue dated on July 1.
- 9) Brings the Old Age Survivors and Insurance (OASI) revolving fund under the budget approval process to ensure administrative oversight and provide better insight and transparency into the State Social Security Administrator Program and OASI Fund reserves.
- 10) Makes provisions that require the Employment Development Department to assess a penalty on any eligible employer that fails to make the CalSavers Retirement Savings Program available to employees operative only when the board notifies the Director of Employment Development that enforcement should proceed and the board and the Director of Employment Development agree to a reasonable implementation timeline, rather than six months after the board notifies the Director of Employment Development that the act will be implemented.
- 11) Requires the California Secure Choice Retirement Savings Investment Board to design and disseminate to employers an employee information packet that includes disclosure and opt-out forms that are to be made available to eligible employees. Current law requires these employee information packets to be made available through EDD.

COMMENTS:

This bill makes various changes to implement budget actions related to labor and employment, adopted as part of the 2019-20 Budget package.

CONSULTANT: Katie Hardeman and Farra Bracht / BUDGET / (916) 319-2099

SUMMARY:

Allows for a delay in the implementation of the Cal-Access Replacement System (CARS). Specifically, this bill:

- 1) Allows the implementation of CARS to be delayed from December 31, 2020 to February 2021.

COMMENTS:

The Political Reform Act of 1974 generally requires elected officials, candidates for elected offices and other specified individuals and entities to file periodic campaign statements. The Secretary of State in consultation with the Fair Political Practices Commission is required to develop online and electronic filing process for use by these persons and entities. The current system, Cal-Access, is in the process of being replaced.

Recently software vendors, campaign and lobbying treasurers and attorneys, and other stakeholders have expressed significant concerns with the implementation timeline for the Cal-Access Replacement System (CARS). The current deadline (December 31, 2020) was established by the Legislature when the state's primary election was scheduled for June. Recent legislation has moved the state's primary to March. Consequently, the CARS deadline now occurs during the mandatory filing period that is within 90-days of a state or local election for candidates and committees involved in the March 2020 Presidential Primary Election. The 90-day period commences December 4, 2019.

Implementing and certifying the CARS project during that period could cause significant public confusion, inadvertent non-compliance, insufficient time for filers to understand the new system, and redirect important state resources that could otherwise be used on legitimate campaign compliance issues. Lastly, there is minimal downside to extending the deadline as the existing Cal-Access will continue to be online during the upcoming elections.

FISCAL COMMENTS:

This bill provides \$6.992 million General Fund to the Secretary of State for expenditure in 2019-20 to fund seven positions and contracted services to design, develop, and implement a campaign finance and lobby activity electronic reporting and internet disclosure system to replace the current California Automated Lobbyist and Campaign Contribution and Expenditure Search System (Cal-Access).

SENATE THIRD READING

SB 85 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2019

SUMMARY:

This is the Omnibus Resources Trailer Bill for 2019-20. It contains various statutory changes necessary to implement the Budget Act of 2019. Specifically, this bill:

1. Heavy Duty Phase 2 GHG Implementation & Audit Program – Removes the cap on the total amount of funds the Air Resources Board may collect for certification of motor vehicles, engines, and trailers sold in the state so that fees are sufficient to cover the cost of implementing required state programs.

2. Improved Infrastructure Management Revolving Fund – Establishes the CalFire Infrastructure Projects Revolving Fund to enhance its ability to undertake agency-retained infrastructure improvement projects.

3. Office of the State Fire Marshal - Fire and Life Safety – Clarifies that a fee may be charged by the various state and local entities for enforcement of building standards adopted by the State Fire Marshal relating to fire and panic safety and other regulations. Makes various other changes to define and clarify the Division's mission and responsibilities.

4. Surface Mining and Reclamation Act: Technical Amendment – Requires the amount to be deposited into the Surface Mining and Reclamation Account to include any statewide general administrative costs assessed to the account for that fiscal year.

5. Unclaimed Gas Tax – Authorizes the California Department of Food and Agriculture to retain a portion of the remaining Unclaimed Gas Tax funding, upon agreement by the county agricultural commissioners and the Secretary of the Department of Food and Agriculture, for purposes of implementing jointly developed priority agricultural program spending.

6. CalFire SB 901 Coordination – Requires CalFire to collaborate with the State Water Resources Control Board and the Department of Fish and Wildlife when selecting a fuel reduction projects to ensure they protect water resources and wildlife habitat while addressing fire behavior and public safety.

7. Community Emission Reduction Program – Specifies that GGRF funds appropriated for projects to reduce mobile and stationary sources of criteria air pollutants consistent with the community emissions reduction programs also complement and further the rules and regulatory requirements by the ARB and local air districts.

8. Habitat Conservation Fund – Extends the Habitat Conservation Fund for 10 years, until January 1, 2030.

9. Healthy Stores Refrigeration and Grant Program – Defines “low-access area” and requires a grant recipient be located in a low-income area or a low-access area. Revises the criteria required for a nonprofit entity to qualify to apply for a grant and authorizes a nonprofit entity to use grant funds to sell California-grown fresh fruits, nuts, vegetables, and minimally processed prepared foods directly in low-income areas or low-access areas.

10. IEMAC Bagley Keene – Exempts the members of the Independent Emissions Market Advisory Committee from the prohibition on communications outside of an authorized meeting in order to provide them greater flexibility to communicate with each other when analyzing the effectiveness of the cap-and-trade program.

11. IEMAC LAO Ex Officio – Specifies that the committee member representing the Legislative Analyst’s Office be a nonvoting member.

COMMENTS:

This bill makes various changes to implement the resources, environmental protection, and energy budget actions adopted as part of the 2019-20 Budget package.

CONSULTANT: Susan Chan / BUDGET / (916) 319-2099

SUMMARY:

This trailer bill makes statutory changes related to transportation necessary to implement the Budget Act of 2019.

Major Provisions

Provides a six month extension of AB 1065 (Jones-Sawyer, Chapter 803, Statutes of 2018) until July 1, 2021.

- 1) Repays the remaining \$236 million in Proposition 42 loans and clarifies that this repayment will not count towards the Proposition 2 debt payment requirements. Also, repays the outstanding amount of transportation weight fees loaned to the General Fund in previous years in 2019-20 instead of 2020-21 (estimated to be \$886 million).
- 2) Gives the Caltrans Inspector General (IG) as the Director of the Audits and Investigations Office access and authority to examine all records, files, documents, accounts, reports, correspondence, or other property of the department and external entities that receive state and federal transportation funds from the department. Also provides that not complying with providing information to the IG is a misdemeanor.
- 3) Eliminates the Local Transportation Loan Account and the Transportation Deferred Investment Fund and shifts any remaining assets and liabilities to the State Highway Account before January 1, 2020.
- 4) Makes all funding from the California memorial license plate fund available for antiterrorism activities upon appropriation by the Legislature. Previously 15 percent of these funds were available for scholarships for surviving dependents of California residents killed as a result of injuries sustained during the terrorist attacks of September 11, 2001. These funds are no longer needed for that purpose.
- 5) Makes an appropriation by providing up to \$7.2 million in funding from the Trade Corridors Improvement Fund for a competitive program that funds infrastructure improvements necessary to facilitate short-line railroads becoming more compatible in supporting modern rail freight traffic.

COMMENTS:

This bill is a budget trailer bill within the overall 2019-20 budget package to implement actions related to transportation.

CONSULTANT: Farra Bracht / BUDGET / (916) 319-2099

SENATE THIRD READING
SB 92 (Committee on Budget and Fiscal Review)
As Amended June 11, 2019

SUMMARY:

This bill is the revenues trailer bill for the 2019-20. It contains the necessary provisions related to the 2019 Budget Act. Specifically, **this bill**:

- 1) Requires the Office of Tax Appeals to create a process for a person filing an appeal to choose to appear before one Administrative Law Judge (ALJ) when the appeal:
 - a. Is a Personal Income Tax issue where the total amount in dispute, including taxes, penalties, and fees, is less than \$5,000; or
 - b. Arises from a tax or fee administered by the California Department of Tax and Fee Administration (CDTFA), where the total amount in dispute, including taxes and fees, is less than \$50,000 , and the person filing the appeal has gross receipts of less than \$20 million.
- 2) Prohibits a single ALJ from issuing a precedential decision.
- 3) Sunsets the process for one ALJ on January 1, 2030.
- 4) Clarifies provisions to state that newspapers, internet websites, and other entities that advertise tangible personal property for sale; that refer purchasers to the marketplace seller by telephone, internet link, or other similar means to complete the sale; and do not participate further in the sale; are not facilitating a sale for purposes of the Act.
- 5) Directs CDTFA to allow a delivery network company to elect to become a marketplace facilitator in a form, manner, and duration determined by CDTFA, and requires CDTFA to issue regulations allowing for such an election.
- 6) On or after January 1, 2020 and sunseting from on January 1, 2022, would exempt from sales and use tax the gross receipts the sale in this state of, and the storage, use, or other consumption in this state of, diapers for infants, toddlers, and children, and menstrual hygiene products.
- 7) Requires the Department of Finance to annually estimate the total dollar amount of revenue that would have been credited to the Local Revenue Fund 2011 and would require the controller to transfer that amount from the General Fund to the Local Revenue Fund 2011 no later than June 30 of each fiscal year.
- 8) Limits CDTFA's authority to collect past taxes from qualifying retailers to only those liabilities incurred on or after April 1, 2016.
- 9) Defines "qualifying retailer" as one who:
 - a. Was not registered as a retailer with CDTFA before December 1, 2018.

- b. Had not filed returns or made payments prior to CDTFA contacting them.
 - c. Voluntarily registers with CDFTA, and completes returns including paying taxes due or entering into an installment agreement, within 90 days of the bill's effective date.
 - d. Obtained nexus in the state solely due to using a marketplace facilitator, as defined by AB 147 (Burke), who stored the retailer's inventory in California.
- 10) Relieves qualifying retailers on any penalties incurred for obligations due between April 1, 2016, and March 31, 2019.
- 11) Amends the district tax threshold effective date to April 25, 2019 to account for the retroactive effect of Assembly Bill 147 (Chapter 5, Statutes of 2019).
- 12) Makes technical and conforming changes, including replacing references from the United States Code to the Internal Revenue Code, and deletes unnecessary definitions.

COMMENTS:

This is a budget trailer bill within the overall 2019-20 budget package to implement actions related to revenues.

FISCAL COMMENTS:

Requires specified General Fund moneys to be transferred into a continuously appropriated fund, and thereby makes an appropriation.

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

SUMMARY:

Supplemental Appropriations Bill for 2018-19. Specifically, this bill: appropriates funds to address \$112.6 million of unanticipated costs encountered in the 2018-19 fiscal year. These include the following:

- 1) Appropriates \$112.6 million to the California Department of Corrections and Rehabilitation for a variety of spending shortfalls including:
 - a. \$76.7 million for Adult Medical Services;
 - b. \$18.9 million for Ancillary Health Care Services; and
 - c. \$17 million for additional contracted facilities costs associated with out-of-state contracted beds.
- 2) Appropriates \$800 for payments to local governments for homicide trials.

COMMENTS:

This Supplemental Appropriations Bill, also known as the deficiency bill, amends the 2018-19 budget act to address unanticipated shortfalls in funding that occurred during the fiscal year.

FISCAL COMMENTS:

The total costs of this bill is \$112.6 million General Fund. These costs are included as part of the 2019-20 budget package.

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

SENATE THIRD READING
SB 94 (Committee on Budget and Fiscal Review)
As Introduced January 10, 2019

SUMMARY:

This is the Public Safety Omnibus Trailer Bill for 2019-20. It contains various statutory changes necessary to implement the Budget Act of 2019. Specifically, this bill:

- 1) Transfers the Division of Juvenile Justice Facilities from the California Department of Corrections (CDCR) to the Health and Human Services Agency and establishes the Department of Youth and Community Restoration as of July 1, 2020. Requires various technical changes and the establishment of memoranda of understanding with various departments and agencies to effectuate this change. Creates a committee of the Child Welfare Council to provide recommendations and input on the newly created Department of Youth and Community Restoration and requires annual reporting to the Legislature through 2025.
- 2) Requires the Department of Justice to provide annual reports to the Legislature on the Armed Prohibited Persons System.
- 3) Establishes within the California Law Revision Commission, the Committee on Revision of the Penal Code, consisting of seven members who would be appointed by the Governor and the Legislature. Requires the committee to study and make recommendations on revision of the Penal Code.
- 4) Establishes the California Reentry and Enrichment Grant program to provide grants to community based organizations that provide rehabilitative services to incarcerated individuals within correctional settings. Establishes the grant goals and creates a steering committee to guide the grant process.
- 5) Abolishes the Peace Officers' Training Fund and designates the State Penalty Fund as its successor fund. .
- 6) Provides technical clean up changes related to the timeline of disclosure of audio and video recordings from body cameras.
- 7) Authorizes CDCR to provide social security numbers of released individuals to the Employment Development Department and the California Workforce Development Board to track labor market and other workforce development outcomes.
- 8) Renames the Undersecretary of Administration and Offender Services as the Undersecretary of Administration, renames the Division of Internal Oversight and Research as the Division of Correctional Policy Research and Internal Oversight, and eliminates the Division of Fiscal and Business Services.
- 9) Requires CDCR to report to relevant fiscal and policy committees of the Legislature and the Legislative Analyst's Office anytime regulatory changes regarding credit earning by prisoners is proposed.

- 10)Increases the number of parole commissioners from fifteen to seventeen.
- 11)Provides a six month extension of AB 1065 (Jones-Sawyer, Chapter 803, Statutes of 2018) until July 1, 2021
- 12)Creates an exemption for covenant requirements for the leasing of housing capacity in local criminal justice facilities to state agencies.

COMMENTS:

This bill makes various changes to implement public safety related budget actions adopted as part of the 2019-20 Budget package.

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

SENATE THIRD READING
SB 95 (Committee on Budget and Fiscal Review)
As Introduced January 10, 2019

SUMMARY:

This is the Omnibus Courts Trailer bill for 2019-20. It contains various statutory changes necessary to implement the Budget Act of 2019. Specifically, this bill:

- 1) Establishes 25 additional judgeships, reducing the total number of judgeships to be allocated to 23.
- 2) Increases the trial courts reserve amounts from one percent to three percent.

COMMENTS:

This bill makes various changes to implement budget actions related to the Judicial Branch and adopted as part of the 2019-20 Budget package.

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

SUMMARY:

This bill amends the State Emergency Telephone Users Surcharge Act. Specifically, this bill:

- 1) Imposes a monthly surcharge of not greater than \$0.80 per access line to fund the current fiscal year's 9-1-1 system related costs.
- 2) Imposes a surcharge for prepaid mobile telephony services at the time of each retail transaction in the state, at the rate equal to the monthly surcharge amount per access line.
- 3) Requires the surcharge to be remitted and administered by the California Department of Tax and Fee Administration.
- 4) Provides that the Next Generation 9-1-1 and the subsequent technologies and interface needed to deliver 9-1-1 voice and data information to be within the meaning of the basic system for the purposes of the State Emergency Number Account expenditures.
- 5) Provides that the various provisions in the bill are severable.

COMMENTS:

This bill makes changes to the State Emergency Telephone Users Surcharge Act to fund 9-1-1 costs.

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

SUMMARY:

Provides legislative ratification of the memorandum of understanding (MOU) agreed to by the state and Bargaining Unit (BU) 6. Specifically, this bill: ratifies the MOU for BU 6 – Corrections, represented by Corrections California Correctional Peace Officers Association.

- 1) **EXISTING LAW:** Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e. bargaining units) regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative must be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analyses of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 100% of the weighted average premium of the four health plans most highly utilized by all members. Dependents are eligible for a contribution based on 90% of the average additional premiums paid for dependents during the benefit year in which the formula is applied. This is referred to as the 100/90 formula.
- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 8) Provides that most state employees (those hired after 1985 or 1989, depending on class) must work for 10 years to receive 50% of the 100/90 formula, with an additional 5% per year of service until, after 20 years, they are vested to receive 100% of the 100/90 formula. Individuals hired prior to 1985 or 1989 could be subject to either five year or 10 year vesting for full coverage of the 100/90 formula. Some employees must work up 15 years for 50 % up to 25 years to receive 100% of the employer contribution.
- 9) Provides that retirees who were covered in certain bargaining units while actively employed will receive an employer retiree health contribution based on the 80/80 formula (i.e., 80% of the weighted average premium of the four health plans most highly utilized by all members).

10) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

COMMENTS:

The following information summarizes the general provisions of the MOU and was provided by CalHR:

Total of approximately 27,694 full-time equivalents.

HEALTH BENEFITS

Employer Contribution for Active State Employees: The state's monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. The flat dollar amounts shall be increased or decreased as appropriate pursuant to the formula on January 1, 2020.

COMPENSATION

1) General Salary Increase (GSI)

- a. Effective July 1, 2020, all Unit 6 represented classifications shall receive a 3 percent GSI.

2) Night Shift and Weekend Pay Differentials

- a. Increases the night shift pay differential (earned by employees who work more than four between 6:00 pm and 6 am) by \$0.85 per hour.
- b. Increases the weekend pay differential (earned by employees who work more than four hours between midnight Friday and midnight Saturday) by \$0.70 per hour.

3) Leave BuyBack

- a. All Unit 6 represented employees will be permitted to continue to cash out up to 80 hours of accumulated compensable leave. CDCR will notify employees in August and employees will have until September 10, 2019, to indicate that they want to participate. It is anticipated that payment for one-time cash out will be issued by November 15, 2019.

4) Miscellaneous

- a. Leave time (excluding sick leave in all forms) to be counted as time worked for purposes of calculating overtime when an employee is required to work overtime involuntarily.

- b. Includes new, more limited, definition of “holdover” to avoid confusion about when someone will have leave time count as hours worked for purposes of calculating overtime.
- c. Provides employees with two hours work time when placed on standby time for a possible work-related court appearance outside of normal work hours or on a day off.
- d. Provides eight hours of holiday credit to employees working posted positions who have their scheduled Regular Day Off fall on an observed state holiday.
- e. Increases the number of gender restricted posts and increases ability for women to transfer into female institutions.
- f. Creates a joint workgroup to facilitate recruitment and retention of women at female institutions.
- g. Increases ability for Correctional Counselors to focus on rehabilitation.
- h. Increases ability to maintain programming through the effective utilization of staff.
- i. Creates a joint workgroup to explore less lethal force options.
- j. Reopener language to initiate a meet and confer process at least 120 days prior to the transition of the Division of Juvenile Justice to the Department of Youth and Community Restoration within the California Health and Human Services Agency.

5) Duration

- a. July 3, 2019 through July 2, 2020.

FISCAL COMMENTS:

The budget trailer bill includes a continuous appropriation. The bill appropriates \$131.2 million for 2019-20.

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

SENATE THIRD READING
SB 105 (Committee on Budget and Fiscal Review)
As Introduced January 10, 2019

SUMMARY:

This bill increases the California Department of Corrections and Rehabilitation's lease revenue bond authority for the construction of various Health Care Facility Improvement Projects. Specifically, this bill provides an augmentation of \$49.85 million for these projects, bringing the total for these projects up to \$1.14 billion.

COMMENTS:

This bill makes changes to lease revenue bond authority related to the California Department of Corrections and Rehabilitation's Health Care Facility Improvement Projects.

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