

2018 Budget Trailer Bill Analyses Packet

Bills anticipated for Monday, June 18, 2018

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SENATE THIRD READING
SB 842 (Committee on Budget and Fiscal Review)
As Amended June 12, 2018

SUMMARY: This is the K-12 Education Omnibus Trailer Bill for 2018-19 budget. This bill makes various statutory changes to implement the 2018-19 budget. Specifically, **this bill:**

Early Childhood Education

- 1) Updates the standard reimbursement rate and state preschool reimbursement rate, commencing July 1, 2018 to reflect a cost-of-living adjustment and other increases provided in the 2018-19 budget.
- 2) Updates the infant reimbursement rate adjustment factor from 1.7 to 2.44 and the toddler reimbursement rate adjustment factor from 1.4 to 1.8. In addition, the adjustment factor for children with exceptional needs is increased from 1.2 to 1.54 and the adjustment factor for severely disabled children is increased from 1.5 to 1.93. These rate adjustment factors are intended to account for the higher costs of serving children in these categories.
- 3) Makes permanent a provision to hold providers receiving the regional market rate (RMR) for voucher-based child care harmless so no provider receives less under current rates than it received under the regional market rate ceiling that existed in that region on December 31, 2017 (previously this hold harmless expired December 31, 2018).
- 4) Allocates \$167.2 million in Proposition 98 funding for the Inclusive Early Education Expansion program. Under this program grants will be provided to local educational agencies (LEAs) to increase access to subsidized early care and education programs for children from ages zero to five. Priority for grants shall be given to those applicants that have a need for expanded access to inclusive early care, serve low-income communities, leverage local partnerships, are able to serve a broad range of disabilities, and plan to, or already do, serve children with disabilities in proportion to the rate of identification similar to LEAs in their area. Funds may be used for one-time infrastructure costs, adaptive equipment, and professional development and grantees must provide a local match. The California Department of Education (CDE) will administer the program and conduct an evaluation of the program and direct a related stakeholder workgroup.
- 5) Establishes the Inclusive Early Care Pilot Program. Under this program, county offices of education may apply to receive grants to increase access to early care and education programs for children with exceptional needs, including severe disabilities, from ages zero to five. Grantees may use funds for a variety of purposes to build local and regional capacity, including, but not limited to, outreach coordinators, placement navigators, adaptive equipment, professional learning, and assessment and evaluation tools among others. Priority shall be given to applicants with a demonstrated need for expanded access to inclusive early care and education within their county, particularly within in low-income and high-need communities. The CDE shall administer the program and conduct an evaluation. For the purposes of this program, \$10 million in one-time federal funding is provided in the 2018-19 budget.

- 6) Requires the CDE to adopt regulations for California State Preschool programs under Title 5, on or before July 1, 2019, related to outdoor shade, drinking water, restrooms, supervision of children, and maintenance of indoor and outdoor space. Allows the CDE to adopt emergency regulations to meet the requirements of this section. Clarifies that the licensing flexibility provisions apply to any LEA-operated classroom that is funded in whole or part under the State Preschool Program. In addition, the Uniform Complaint Procedures section of this bill adds related provisions establishing a process for complaints related to the preschool health and safety requirements added to Title 5 regulations pursuant to this section.
- 7) Makes other technical changes including, specifying that alternative payment programs have between 12 and 24 months to expend funds allocated within a fiscal year.

K-12 Education

- 1) Allocates \$3.67 billion in ongoing Proposition 98 funding to further implement the Local Control Funding Formula (LCFF) for school districts and charter schools, bringing the total amount provided for LCFF to \$61.1 billion in the 2018-19 fiscal year. This funding includes a 3.7 percent cost-of-living adjustment for the 2018-19 fiscal year for the purposes of calculating the LCFF targets for school districts and charter schools.
- 2) Provides \$697.8 million in discretionary one-time Proposition 98 funding to be distributed to school districts, charter schools and county offices of education on a per-student basis and offsets any applicable mandate reimbursement claims owed to schools. Allows for these funds to first offset an LEA's allocation with the balance of any payments due to the state for the Medi-Cal billing settlements. States legislative intent that these funds be prioritized for deferred maintenance, professional development, beginning teacher induction programs, instructional materials, technology infrastructure, and any other investments necessary to support implementation of state academic standards.
- 3) Allocates \$300 million in one-time Proposition 98 funding for the Low-Performing Students Block Grant in order to provide LEAs with additional funding for low-performing students who are not otherwise identified for supplemental grant funding under the local control funding formula or eligible for special education services. This funding is provided on a per-student basis for students that do not meet specified achievement standards on state English language arts or mathematics assessments. Specifies that funds shall be used for evidence-based services that directly support pupil academic achievement, including, but not limited to, professional development activities for certificated staff, instructional materials, or additional student supports. Requires LEAs to develop a plan on how the funds will be used and report to the Superintendent. Requires the CDE to compile the plans and report to the Legislature.
- 4) Includes \$100 million in one-time General Fund for the Full-Day Kindergarten Facilities Grant Program. The State Allocation Board is charged with allocating grants to school districts that lack the facilities to provide full-day kindergarten. Priority for grants is provided for districts with financial hardship or districts that have a high population of low-income students. Requires a local match requirement, except for those districts that meet the financial hardship requirements.

- 5) Provides \$150 million in ongoing Proposition 98 funding to establish the K-12 component of the Strong Workforce Program for purposes of expanding the availability of quality high-quality, industry-aligned career technical education (CTE). Funding is allocated through the Community College Chancellor's Office to existing regional consortia based on the following factors in each region: 1) The unemployment rate (33 percent) 2) The region's total average daily attendance for students in grades 7 to 12 (33 percent), and 3) The proportion of projected job openings (34 percent). Regional consortia are required to collaborate with regional workforce and education entities, develop a grant application process and allocate grants to LEAs to implement or expand CTE programs aligned with the consortia's regional plan. Requires grantees to provide a local match and requires specified data to be reported to the consortia and CDE. Includes \$14 million in ongoing Proposition 98 funding to support Workforce Pathway Coordinators, K-14 Technical Assistance Providers and the consortia administrative costs. Requires the Workforce Pathway Coordinators and Technical Assistance Providers to also provide technical assistance for the grantees of the CTE Incentive Grant program.
- 6) Dedicates \$150 million in ongoing Proposition 98 funding for the existing CTE Incentive Grant program. Makes changes to the CTE Incentive Grant program to include a 2:1 local match requirement, includes additional reporting requirements for the CDE, eliminates the CTE Incentive Grant technical assistance coordinators and specifies that the K-12 Workforce Pathway Coordinators and the K-14 Technical Assistance Providers established through the Strong Workforce program will provide technical assistance to grant applicants.
- 7) Dedicates a total of \$75 million in one-time Proposition 98 funding for locally sponsored teacher residency programs for teacher shortage subject areas. Specifies that \$50 million is for teacher residency programs for special education teachers and \$25 million is for teacher residency programs for science, technology, engineering and mathematics (STEM) and bilingual education teachers. The Commission on Teacher Credentialing is charged with administering the program to provide competitive grants to LEAs of up to \$20,000 per teacher. Grantees are required to provide a 1:1 local match. Funds can be used for a variety of purposes, including stipends for new teachers, mentor teachers, or tuition at a partner university.
- 8) Provides \$50 million in one-time Proposition 98 funding for the Local Solutions Grant program. Requires the Commission on Teacher Credentialing to provide competitive grants to LEAs to develop and implement new, or expand existing locally identified solutions that address a need for special education teachers. Grant funding may be used for teacher career pathways, signing bonuses for newly credentialed teachers, mentors for existing teachers, professional learning communities, service awards, teacher service scholarships, student debt payment, living stipends for newly credentialed teachers, or other solutions. Requires teacher participants who receive a teacher service scholarship, signing bonus, or student debt payment to teach at a school within the LEA jurisdiction for four years.
- 9) Provides \$50 million in one-time Proposition 98 funding for the Classified School Employee Professional Development Block Grant Program. Under this program, LEAs would receive a grant based on the number of classified school employees employed by the LEA in the immediately preceding fiscal year. Funds received pursuant to the program may be expended for specified purposes relating to the professional

development of classified school employees, with first priority being for professional development for the implementation of school safety plans, if applicable.

- 10) Provides \$50 million in one-time Proposition 98 funding for the Classified School Employee Summer Assistance Program. LEAs may elect to participate in this program, under which an LEA may withhold an amount from an eligible classified employee's monthly paycheck during the 2019–20 school year and deposit the amounts in an account within its general fund, to be known as the Classified School Employee Summer Assistance Program Fund. The CDE shall apportion funds to participating LEAs to provide a participating classified employee up to \$1 for each \$1 that a participating classified employee has elected to have withheld from his or her monthly paychecks. During the summer recess period, the LEA would be required to pay the participating classified employee from the Classified School Employee Summer Assistance Program Fund the amounts withheld in accordance with the classified employee's choices, plus the amount apportioned by the CDE that is attributable to the amount withheld from that classified employee's paychecks during the school year, as specified.
- 11) Amends statute to develop and align a statewide system of support for struggling LEAs and to promote continuous improvement of LEAs for all students in the identified state priority areas. Specifically, this bill establishes the following structure for the statewide system of support:
 - a. Refines requirements for county offices of education to support school districts in need of technical assistance to align to the development, by the State Board of Education, of a tiered support system, including a description of the requirements of the county office of education to provide technical assistance, and the ability of a school district to seek assistance from the county office of education and other providers. Makes similar amendments to the process for the Superintendent of Public Instruction (SPI) to assist struggling county offices of education. Establishes a formula for providing funding for county offices of education to support school districts that are in need of improvement as identified under the California School Dashboard (dashboard). Under this formula county offices of education would receive base funding plus additional funding determined by the number of school districts identified as in need of differentiated assistance on the dashboard. County offices of education are also required to report on their plans for provision of technical assistance to the CDE, which in turn will compile the information and make it available on their website by November 1 of each year, beginning in 2019. Specifies the definition of and methods of evaluation for alternative schools within the state's accountability system.
 - b. Establishes a structure for the selection and support of between six and 10 county offices of education as geographic lead agencies in their region. The responsibilities of the lead county offices of education would include building the capacity of other county offices of education in the region, coordinating and collaborating technical assistance across the region, providing technical assistance to a school district if a county office of education is unable to, identifying existing resources and developing new resources upon request of the California Collaborative for Educational Excellence (CCEE) or the SPI. Subject to budget act appropriation, provides for the creation of an additional county office of education expert lead agency specifically to provide support on a specified

statewide issue. Clarifies how school districts, county offices of education, lead agencies, the CCEE, and the CDE will collaborate within the technical assistance process and how geographic lead agencies will be held accountable for improving student outcomes in their regions.

- c. Establishes a structure for the selection and support of between six and 10 Special Education Local Plan Areas (SELPA) to serve as special education resource leads to work with county offices of education to improve outcomes for students with disabilities. Incorporates special education resource leads into the statewide system of support and specifies that at least three of the resource leads selected shall be focused directly on building SELPA capacity to work with county offices of education. Aligns the SELPA planning process with the Local Control and Accountability Plan (LCAP) process for LEAs and requires the CDE to develop a template for a SELPA annual assurances support plan and a template for a summary document that supplements the SELPA plan and links SELPA budgeted activities with services and activities on, and demonstrates consistency with, the LCAPs of LEAs in the SELPA. Requires SELPA annual assurances support plans to be updated to be three-year plans beginning July 1, 2019.
 - d. Clarifies the operations of the CCEE including ongoing professional development activities, support of lead agencies, and direct technical assistance to LEAs under limited circumstances. Further clarifies the authority of the board of the CCEE to determine the acceptance and expenditure of CCEE revenues not appropriated by the Legislature.
- 12) Clarifies and consolidates statute related to the Uniform Complaint Procedures (UCP), including specifying instances in which a 60-day timeline is applicable for the CDE to complete UCP appeals. In addition, the section adds complaints related to preschool health and safety requirements, as required to be added to Title 5 under provisions allowing for licensing flexibility for State Preschool Programs operated by LEAs, to the UCP with specific timelines.
- 13) Allocates \$27.4 million in one-time Proposition 98 funding for the CDE for the development of a computer-based English Language Proficiency Assessment for California (ELPAC) and a computer-based alternative ELPAC for students with disabilities.
- 14) Allocates \$15 million in one-time Proposition 98 funding to the Orange County CDE to expand upon past investments in Multi-Tiered Systems of Support (MTSS). The Orange County Department of Education, jointly with the Butte County Office of Education and a selected California postsecondary educational institution, is charged with building and disseminate statewide resources specifically focused on improving school climate, including social emotional learning, restorative justice and positive behavioral interventions, among others. Additionally, the designated county offices of education and the selected postsecondary educational institution are required to implement a pilot program to assist school districts in creating a positive school climate. In selecting school districts for the pilot program, priority is provided for those with a demonstrated need to improve school climate, as measured by the California School Dashboard. The designated county offices of education are also required to submit an annual report on how these funds were used.

- 15) Allocates \$15 million in one-time Proposition 98 funding for the After School Kids Code Grant Program. Requires the CDE to determine grant criteria and provide grants for eligible After School Education and Safety (ASES) programs that operate or plan to operate computer coding programs as part of their curriculum.
- 16) Provides \$13.3 million in one-time Proposition 98 funding to establish the Community Engagement Initiative. Specifically the initiative provides funding to the California Collaborative for Educational Excellence (CCEE) and a lead county office of education to solicit teams and establish three phases of professional learning networks focused on building the capacity of communities, school districts and county offices of education to engage more effectively in the Local Control Accountability Plan (LCAP) process. The CCEE is also required to conduct statewide training on community engagement based on the findings of the professional learning networks.
- 17) Includes Legislative intent to enact legislation in the 2017-18 Regular Session to redesign the LCAP template. The intended changes to the template include: streamlining the template to increase accessibility for parents and other local stakeholders and presenting information in a manner that more clearly shows whether services are being targeted to specific school sites or provided on a districtwide, countywide, or charterwide basis. Also includes Legislative intent to appropriate \$200,000 in one-time Proposition 98 funding for this purpose.
- 18) Requires each LEA to provide a parent friendly budget summary that links budget expenditures to corresponding goals actions, and services in the school district's LCAP. Requires the summary for parents to be included as part of the LCAP document and provides \$200,000 one-time Proposition 98 funding to contract with the San Joaquin County Office of Education to incorporate the budget summary in the LCAP template.
- 19) Requires the CDE to post online the amount of supplemental and concentration grant funding awarded to each LEA on an annual basis once LEAs are funded at their LCFF targets.
- 20) Extends the date by which the State Board of Education may revise the Local Control and Accountability Plan (LCAP) template under the state's open meeting law rather than through the formal regulatory process from December 31, 2018 to January 31, 2019.
- 21) Requires the Superintendent of Public Instruction to provide a third year of average daily attendance relief for school districts where no less than 5 percent of the residences were destroyed by the 2017 wildfires.
- 22) Allocates \$6 million in one-time General Fund for the Superintendent of Public Instruction to allocate to the San Francisco Unified School District to support a facilities project at A.P. Giannini Middle School.
- 23) Allocates \$3 million in one-time Proposition 98 funding for the Southern California Regional Occupational Center, pursuant to the 2017-18 Budget Act agreement.
- 24) Allocates \$2 million in one-time General Fund for the Superintendent of Public Instruction to allocate to the Special Olympics of Northern and Southern California for specified programs.

- 25) Allocates \$2 million in one-time General Fund for the Superintendent of Public Instruction to allocate to the Sweetwater Union High School District to support a facility project at Mar Vista High School.
- 26) Allocates \$1.7 million in one-time General Fund for the Superintendent of Public Instruction to identify evidence-based training programs for LEAs on suicide prevention and provide a grant to a county office of education to acquire and disseminate a training program identified by CDE to LEAs at no cost.
- 27) Allocates \$1 million in one-time Proposition 98 funding for the Superintendent of Public Instruction for the California-Grown Fresh School Meals Grant Program to incentivize the purchase of California-grown food by schools and to expand the number of freshly prepared school meals offered within the state that use California-grown ingredients.
- 28) Provides \$716,000 Educational Telecommunication Fund to augment first-year funding for the Standardized Account Code Structure (SACS) system replacement project.
- 29) Allocates \$300,000 in one-time Proposition 98 funding for the CDE to contract with the San Joaquin County Office of Education to update the California School Dashboard interface.
- 30) Requires the CDE, on or before June 30, 2020, to develop a standardized English language teacher observation protocol for use by teachers in evaluating student's English language proficiency. The 2018 Budget Act reappropriates \$437,000 in federal Title III carryover for this purpose.
- 31) Makes technical amendments to the school district and county office of education local appropriations limit calculations to conform to CDE current practice and funding under the LCFF.
- 32) Removes the amount allocated to special education local plan areas (SELPA) for program specialist/regionalized services (PS/RS) and allocates based on the statewide average PS/RS rate for all SELPA.
- 33) Permanently authorizes Necessary Small High School funding determination based on geographical circumstances and size of the school.
- 34) Eliminates the sunset date for the California Assessment of Student Performance and Progress (CAASPP) system.
- 35) Exempts school districts impacted by the 2017 wildfires, upon receipt of a waiver from the United States CDE, from the requirement to administer CAASPP during the 2017–18 school year.
- 36) Eliminates the recently repealed California High School Exit Exam from the K-12 Mandates Block Grant.
- 37) Eliminates the sunset date of a provision of law that disallows the use of suspension based on acts of willful defiance for students in grades K-3.

- 38) Repeals a section of law that specifies the meal reimbursement rates for LEAs for school aged children and meal reimbursement rates for child care centers and homes. These reimbursement rates are updated annually in the Budget Bill.
- 39) Makes the following changes to the Charter School Facility Grant Program:
- a. Requires the California School Finance Authority to verify facility and lease costs. Requires verified facility agreements to not exceed the prior year's costs, plus a cost-of-living adjustment, and requires the costs to be at or below market rate based on an independent appraisal.
 - b. Eliminates the requirement for the California School Finance Authority to first use funding to reimburse eligible charter schools for unreimbursed costs from the prior school year.
- 40) Extends the sunset date to 2034 for various education programs to align with the date specified in the Tax Extension to Fund Education and Healthcare (Proposition 55).
- 41) Makes technical changes in order to implement full-funding of the LCFF.
- 42) Exempts a school district with average daily attendance of more than 400,000 from the administrator to teacher ratio penalties pursuant to Education Code Section 41404 for the 2018-19 fiscal year.
- 43) Authorizes the Department of Finance to be a designated party to all LEA audit appeals submitted to the Education Audit Appeals Panel.
- 44) Allows the California School Finance Authority to charge administration costs to the 2016 facilities bond and to specify that required audits must be completed within one year of project completion.
- 45) Eliminates the cap for the maximum grant a summer program can receive under the After School Education and Safety Program and specifies that a program can dedicate up to 30 percent of their total grant amount for a summer program.
- 46) Specifies that joint power authorities may participate in and receive funding through the School Bus Replacement Program.
- 47) Exempts nonpublic schools and nonpublic agencies that provide special education services from an annual audit requirement
- 48) Clarifies which average daily attendance will be used in the following cases:
- a. When prior year and current year average daily attendance are equal, for purposes of apportionment determination, current year will be used.
 - b. When reporting out-of-state average daily attendance, second principal apportionment average daily attendance, will be used instead of annual principal apportionment because those students are now credited to their district of residence under LCFF and not the county office of education.

- 49) Requires the Department of Finance, by June 30, 2019, to adjust funding provided to the CDE if the amount of revenues distributed to LEAs for special education programs are more or less than the estimated amount reflected in the 2018 Budget Act.
- 50) Requires the Department of Finance, by January 30, 2019, to adjust funding provided to the CDE, if revenues distributed to LEAs for special education programs are less than estimated due to fire-related property tax reductions in areas impacted by the 2017 wildfires.
- 51) Requires the Department of Finance, by January 30, 2019, to adjust funding provided to the CDE to reimburse basic aid school districts for property tax losses incurred in the 2017-18 fiscal year as a result of the 2017 wildfires.
- 52) Extends through the 2018-19 fiscal year the existing funding allocation method for the Out-of-Home Care program for foster students with exceptional needs.
- 53) Suspends the Proposition 98 statutory split between K-12 education and the California Community Colleges.
- 54) Makes a variety of technical clean-up changes to code references.
- 55) Declares that special statute is necessary due to unique circumstances for specified school districts.
- 56) Provides that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to existing law.
- 57) Declares this bill to take effect immediately as a bill providing appropriations related to the budget bill.

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FN:

SENATE THIRD READING
SB 843 (Committee on Budget and Fiscal Review)
As Amended June 12, 2018

SUMMARY: This is the Higher Education Trailer Bill for 2018-19. It contains necessary changes related to the Budget Act of 2018. This bill makes various statutory changes to implement the 2018-19 budget. Specifically, this bill:

1. **UC Programs Report.** Requests that the University of California annually report on Office of the President systemwide programs and initiatives, including a description of activities, costs, and sources of revenue.
2. **Financial Aid Report.** Amends a reporting requirement for the California State University and a reporting request for the University of California regarding student financial aid. The amendments reduce the number of annual reports from two to one, and seek information on institutional aid programs, including the percentage of students receiving aid, demographic information regarding the students who receive aid, and demographic information of low-income students who do not receive aid.
3. **Apprenticeship Program.** Makes changes to the apprenticeship program to allow some apprenticeship programs to receive community college credit funding and require additional reporting on instructional hours and costs.
4. **Apprenticeship Initiative New and Innovative grant Program.** Places the California Apprenticeship Initiative New and Innovative Grant Program into statute and gives grant recipients five years to spend initiative funds.
5. **Online College.** Creates a new online college. The new college – the 115th in the community college system - will be administered by the Board of Governors and develop courses and programs that lead to short-term credentials and certifications with labor market value. The new college will not develop programs already offered at existing colleges, and must report to the Legislature on progress toward achieving accreditation.
6. **Adult Education Indirect Costs Limit.** Limits the amount of funding that can be used for administrative costs for adult education consortium members to 5% of funding received.
7. **Adult Education Planning Extension.** Extends the three-year planning cycle for adult education regional consortia by one year, to allow for an extra year of planning.
8. **Adult Education Student Identifier.** Requires adult education programs and community colleges to use a statewide student identifier consistent with the identifiers assigned to students in K–12 education programs, if the student is not already identified by a social security number in the data system of the adult school or other local educational agency providing the adult education programs, courses, or classes. This will allow for better tracking of student outcomes.

9. **Tuition for Students with Special Immigrant Visas.** Fixes a technical error regarding 2017 legislation that exempts students with special immigrant visas from nonresident tuition at community colleges.
10. **Community College Student Hunger Funding.** Provides \$10 million one-time Proposition 98 General Fund to community colleges to support campus efforts to address student hunger and basic needs. Allows for \$250,000 to be spent on a systemwide study of student hunger, housing and basic needs issues.
11. **Veterans Resource Centers.** Provides \$6.2 million one-time Proposition 98 General Fund to community colleges to support creation of and expansion of campus veterans resource centers. Additional funding for this purpose is provided in the 2018 Budget Act.
12. **Apprenticeship Funding.** Provides \$36.5 million one-time Proposition 98 General Fund to reimburse local education agencies for unfunded instructional hours in the apprenticeship program.
13. **Refugees Career Pathways Funding.** Provides \$5 million one-time Proposition 98 General Fund to community colleges to support the development of career pathway programs for refugees. Participating colleges will partner with a nonprofit organization with demonstrated expertise in supporting refugees to provide career readiness training.
14. **Cal Grant for Nonprofits.** Allows the maximum Cal Grant award for students attending accredited nonprofit colleges and universities to stay at \$9,084 if the nonprofit sector admits at least 2,000 community college students who earned an associate degree for transfer in 2019-20, 3,000 such students in 2020-21, and 3,500 in 2021-22. The required number of transfer students is to increase after that by the percentage growth in transfers to the sector as a whole.
15. **Cal Grant for Foster Youth.** Expands the Cal Grant program for foster youth. The expansion would allow former foster youth up to age 26 to be eligible for the Cal Grant entitlement program, and allow these students to receive a Cal Grant for up to 8 years.
16. **City Library Services.** Eliminates the sunset provision of a law requiring cities seeking to contract for library services with a for-profit company to conduct a public notice and competitive bidding process.
17. **Student Authors Program.** Creates the California Student Authors Program, which will provide competitive grants to nonprofit organizations to work with and publish the writings of student authors in public housing developments.
18. **Student Hunger Reporting.** Requires campus reporting on the use of student anti-hunger funding and other campus efforts to address student basic needs.
19. **Student Hunger Working Group.** Creates a working group involving campuses, counties and state officials to ensure better cooperation around enrolling low-income students in federal benefit programs to which they are entitled.
20. **Testing Reporting.** Amends state law to allow college testing companies to provide data to an appropriate state agency or post information on company websites. Previous statute

required reporting data to the California Postsecondary Education Commission, which is no longer funded.

21. **California Education Learning Lab.** Creates the California Education Learning Lab, which will provide grants to groups of faculty to design online courses in science, technology, engineering and math and work to address achievement gaps in these courses.
22. **CSU Vesting.** Extends the vesting period for specified CSU employees for retiree health and dental benefits to ten years of state service.
23. **Community College Financial Aid Systems Funding.** Provides \$13.5 million one-time Proposition 87 General Fund to support technology advancements and innovations in financial aid processing and management systems at the community colleges to streamline financial aid verification.
24. **Community College Student Success Completion Grant.** Creates the Community Colleges Student Success Completion Grant by combining the Community College Completion Grant and the Full-Time Student Success Grant. The new financial aid grant program provides eligible community college students with an additional \$649 per semester or quarter equivalent for enrolling in 12-14 units, and \$2,000 for students enrolled in 15 or more units. Students must maintain satisfactory academic progress.
25. **Community College Reentry Funding.** Provides \$5 million one-time Proposition 98 General Fund to establish a reentry grant program at the community colleges to provide support for currently and formerly incarcerated students on their reentry to their communities. Grant activities include academic counseling, mentoring services, referral to on-and-off campus resources, career counseling and placement. The Chancellor's Office is required to report use and outcomes of funds by July 31, 2022.
26. **Community College Categorical Consolidation.** Establishes the Student Equity and Achievement Program (SEAP) by combining the Student Success and Support Program, the Student Success for Basic Skills program, and the Student Equity Program. As a condition of receiving funds, colleges must maintain student equity plans, provide student matriculation services, adopt multiple measures placement policies, and provide all eligible students with an education plan.
27. **Open Educational Resources Funding.** Provides \$6 million to the Academic Senate of the California Community Colleges to support the development and expansion of the use of open educational resources at the CCC. The Academic Senate is required to report the use and outcomes of funds by February 1, 2022.
28. **Community College Legal Services.** Provides \$10 million one-time Proposition 98 General Funds to the CCC to contract with the Department of Social Services to contract with qualified nonprofit legal services to provide legal services to undocumented and immigrant students.
29. **Community College Online Grants.** Provides \$15 million Proposition 98 General Fund one-time to the Online Education Initiative to provide competitive grants to community college districts to develop online programs and courses that either (1) lead to short-term, industry valued certificates, credentials or programs or (2) enable a student in an pathway

developed by the Online College to continue their education in a career pathway offered at an existing community college. The 2018 Budget Act also provides \$20 million one-time Proposition 98 General Fund for this purpose.

30. **Charter Schools in College and Career Access Pathways.** Allows charter schools to participate in College and Career Access Pathways (CCAPs), and specifies the instructional time requirements for charters schools.
31. **Community College Rental Prices.** Allows colleges to negotiate rental prices with for-profit entities for use of facilities, property or grounds that is no less than the fair rental value.
32. **Community College Apportionment Funding.** Reduces the community college's apportionment schedule by \$124.1 million, as initially provided in the 2016 Budget Act, to reflect unused prior year enrollment growth funding, revised local revenue estimates, revised estimate of offsetting student fees, and other base adjustments.
33. **Community College Audit Manual.** Removes the requirement for the Department of Finance to review the community colleges audit manual.
34. **Community College Funding Formula.** Adopts the Student Focused Funding Formula, which reforms the apportionment funding formula for community colleges. Specifically, the new apportionment funding is based on (1) base allocation: accounts for total number of students enrolled, (2) supplemental allocation: provides funding based on the number of financially needy students enrolled, and (3) student success allocation: provides funding based on the number of degrees and certificates awarded, transfers to four-year universities and colleges, and number of students who earn a regional living wage within one year of program completion. Under the student success allocation, colleges receive an additional weight for financially needy students who complete a degree or certificate.

The funding formula will be phased in over a three year period. In 2018-19, the base, supplemental, and student success allocation would account for approximately, 70, 20, and 10 percent of the funding formula. In 2019-20, this distribution grows to 65, 20, and 15 percent. Finally, in 2020-21, the distribution will be 60, 20, and 20 percent.

The trailer bill provides community college districts with hold harmless provisions in 2018-19, 2019-20, and 2021 to ensure that no district would receive less funding than they received in 2017-18, adjusted for COLA. In 2021-22 and future years, districts will receive no less in apportionment funding than they received in 2017-18.

35. **Community College Mental Health Services Funding.** Appropriates \$10 million one-time Proposition 98 General Fund to community colleges to expand mental health services and training.
36. **Community College Part-Time Faculty Office Hours Funding.** Appropriates \$30 million one-time Proposition 98 General Fund to support part-time faculty office hours.
37. **CSU Admissions Reporting.** Requires CSU to report annually on the impacts of admissions policy changes enacted in the 2017 Budget Act. The changes redirect CSU applicants who are denied admission to an impacted campus to a non-impacted campus if

they meet CSU qualifications, and provide local students with an admissions advantage if they are applying to impacted programs.

38. **Science Technology Engineering and Manufacturing Pathway Program.** Establishes the California STEM Pathways Grant Program, and provides \$10 million one-time Proposition 98 General Fund for this purpose. Specifically, the program would provide students in grade nine through 14 education pathways focused on STEM programs, and establish partnerships between community colleges, high schools, and industry.
39. **Middle Class Scholarship.** Adjusts the statutory appropriation to the Middle Class Scholarship to reflect estimated caseload for the program.

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

FN:

SENATE THIRD READING
 SB 844 (Committee on Budget and Fiscal Review)
 As Introduced January 10, 2018

SUMMARY: This is the Omnibus Health Trailer Bill for 2018-19. It contains necessary changes related to the Budget Act of 2018. This bill makes various statutory changes to implement the 2018-19 budget. Specifically, this bill:

1) *Health Care Cost Transparency Database.*

- Establishes legislative intent to establish a system to collect information regarding the cost of health care, and to aggregate this data to provide greater transparency on health care costs, achieve a sustainable health care system with equitable access to affordable and quality health care for all. Establishes legislative intent to encourage health care service plans, health insurers and providers to use data to develop innovative approaches, services and programs to deliver health care that is cost-effective and responsive to enrollees' needs, including recognizing the impact of diversity and social determinants of health.
- Requires the Office of Statewide Health Planning and Development (OSHPD) to establish, with the intent to be completed by July 1, 2023, the California Health Care Cost Transparency Database to collect information on the costs of health care in order to create transparency on health care costs, and to inform policy decisions, reduce disparities, and reduce costs.
- Requires OSHPD to convene a review committee, composed of health care stakeholders and experts, as specified, to provide advice on the establishment, implementation and ongoing administration of the database, including a business plan for long-term sustainability without General Fund. Requires the review committee to:
 - Not have decision-making authority related to the database;
 - Not have a financial interest in the recommendations made; and
 - Hold public meetings with stakeholders and set its own meeting agendas.
- Authorizes OSHPD to consider recommendations contained in the Health Care Cost, Quality, and Equity Data Atlas Technical Feasibility Analysis dated March 1, 2017.
- Authorizes OSHPD to contract with third-party vendors to assist with the implementation of the database.
- Requires OSHPD to develop a guidance to require data submission from the specified entities, including a methodology for the collection, validation, refinement, analysis, comparison, review and improvement of health care data. Requires the guidance to consider data elements proposed by the all-Payer Claims Database Council, the University of New Hampshire, the National Association of Health Data Organizations, Medi-Cal, and Medicare, among others.
- Requires OSHPD to submit a report to the Legislature based on recommendations of the review committee and any third-party vendor, no later than July 1, 2020, including:
 - Specified information such as types of data, entities and individuals required to report data, prioritized data elements to collect, analyzed data aggregation and advice on confidentiality, privacy and security, and advice regarding existing systems, data and other resources that can be used to streamline the system.

- Additional legislation needed to ensure database receives appropriate data and to protect privacy rights and confidentiality of the data, and to enforce compliance;
- A plan for long-term non-General Fund financing to support the ongoing costs of the database.
- Identification of governance structure; and
- Description of how the database can map to other datasets.
- Requires health care service plans, health insurers, and other specified entities to provide the following to OSHPD:
 - Utilization data or encounter data; and
 - Pricing information for health care items, services, and medical and surgical episodes of care.
- Requires OSHPD to:
 - Consult with state entities as necessary to implement the Database;
 - Ensure all policies and procedures protect privacy, security, and confidentiality of health information;
 - Develop policy regarding data aggregation; and
 - Discontinue implementation or operation of the database if there is a determination, after consultation with the review committee, that OSHPD is unable to obtain necessary, reliable, and relevant data.

2) *Council on Health Care Delivery Systems.*

- Makes findings and declarations about health care costs, access to care, un- and under-insured rates in California, workforce shortages, and that health care is a human right.
- Establishes legislative intent to achieve universal health coverage in California, ensure all Californians have access to affordable coverage, address health care workforce shortages, and ensure access for all Californians to culturally and linguistically-appropriate health care.
- Establishes the Council on Health Care Delivery Systems, as of January 1, 2019, as an independent body to develop a plan that includes options for advancing progress toward achieving a health care delivery system that provides coverage and access through a unified financing system for all Californians. Authorizes the California Health and Human Services agency to staff the Council. Implements the creation of this council by requiring:
 - The council to meet on or before July 1, 2019 and to meet at least quarterly at easily-accessible locations;
 - The council to be comprised of five members, 3 appointed by the Governor, 1 by the Senate and 1 by the Assembly, who serve without compensation;
 - The council to elect a chairperson on an annual basis;
- Authorizes the council to establish advisory committees made up of members of the public.
- Requires the council to:
 - Submit to the Legislature and Governor, and post on the Agency's website, a plan with options that include a timeline of benchmarks and steps necessary to implement health care delivery system changes including steps necessary to achieve a unified financing system, on or before October 1, 2021; and
 - Provide an update on its progress to the Governor and the health committees of the Legislature on or before January 1, 2020, and every six months thereafter.

- Requires the plan to include: key design options, potential requirements for federal waivers and federal statutory changes related to federal funds, current statutory requirements that could improve health care, options for financing, analysis of the need for voter approval, and the need for information technology systems and financial management systems.
- 3) ***Health Benefit Exchange Affordability Options***. Requires the Exchange, in consultation with stakeholders and the Legislature, to develop options for providing financial assistance to low- and middle-income Californians to help them access health care coverage with respect to individual coverage made available in the Exchange. Specifically, the bill requires the Exchange to:
- Submit these options to the Legislature, Governor and Council on Health Care Delivery Systems by February 1, 2019, and post on their website;
 - Include options for individuals paying a significant percentage of their income on premiums, even with federal financial assistance, and for those with an annual income of up to 600 percent of federal poverty; and
 - Consider maximizing all available federal funding and determine whether federal financial participation for Medi-Cal would be jeopardized.
- 4) ***Breast and Cervical Cancer Treatment Caps***. Eliminates length-of-treatment caps for breast and cervical cancer treatments within the Breast and Cervical Cancer Treatment Program.
- 5) ***Diabetes Prevention Program***. Streamlines the requirements of the Diabetes Prevention Program in order to implement the program in accordance with the federal Centers for Disease Control and Prevention Diabetes Prevention Recognition Program by removing program eligibility requirements related to age, body mass index and other specific qualifications.
- 6) ***Erroneous Payments Recoupment Process***. Requires the Department of Health Care Services to arrange reasonable processes for the recoupment of erroneous overpayments to providers, when requested by providers who demonstrate hardship. Requires the Department to post on its website the mechanism by which providers may request a modification to the timing of the provider's required recoupment.
- 7) ***Cost-Based Reimbursement clinics***. Establishes a directed payment program for certain cost-based reimbursement clinics (CBRCs), effective no sooner than July 1, 2019 to expand cost-based reimbursement for CBRCs that contract with managed care plans for services provided to Medi-Cal beneficiaries. Specifically, this bill:
- Requires the Department of Health Care Services to increase the capitation amounts paid to affected plans in each fiscal year by the amount the department deems necessary for the plan to comply with these new requirements;
 - Prohibits the directed payments to supplant amounts that would otherwise be payable by a plan to a CBRC, and prohibits the plan from imposing a fee or retention amount that would result in a reduction to the amounts required herein;
 - Authorizes the nonfederal share of the increases to be funded through voluntary, intergovernmental transfers from affected counties or other public entities;
 - Requires that the first \$30,000,000 of nonfederal share in each fiscal year shall be financed by other state funds appropriated to the Department for this purpose;

- Requires the Department to consult with affected counties periodically, as deemed appropriate, on the likeliness of federal approval and financial and programmatic support of these payments to the Medi-Cal program, thereafter authorizes the Department to either 1) reduce the size of the payments in that year; or 2) not implement the payments for the applicable year or years.
- 8) ***Public Free-Standing Non-Hospital Based Clinics Supplemental Reimbursement Program.*** Repeals this program.
- 9) ***Community Treatment Facilities Technical Adjustment.*** Eliminates the annual appropriation of \$45,000 General Fund to the Department of Health Care Services for the Community Treatment Facilities Program.
- 10) ***General Fund Loan Authority.*** Increases the authority for the maximum General Fund loan amount, and corresponding federal funds, from \$1 billion to \$2 billion in the event of a General Fund deficiency in the Medi-Cal program budget. Also clarifies that a General Fund loan may be repaid in the following state fiscal year (SFY) from the SFY in which the loan was provided. Authorizes the loan to be repaid either through the Budget act or by using the proceeds of a supplemental appropriations bill, and requires the Department of Health Care Services to inform the State Controller of the bill and SFY in which the loan will be repaid. Requires legislative notification when a loan is approved for the Medi-Cal program within 10 days of authorizing the loan, including the reasons for the transfer and the fiscal assumptions used to calculate the loan amount.
- 11) ***Black Infant Health.*** Establishes the California Perinatal Equity Initiative to expand the scope of interventions provided under the Black Infant Health Program. Specifically, the bill:
- Makes findings and declarations that there continues to be a statewide gap between mortality rates for black infants and those for other populations. The bill requires the initiative to foster Community Centers of Excellence in perinatal health and requires the Department to develop a process to allocate funds to up to 15 county health departments to improve black infant birth outcomes and infant mortality;
 - Establishes legislative intent to: promote the establishment of Community Centers of Excellence in perinatal health based on public health science on the causes of persistent inequality and current best practices to narrow the gap; and to direct funding to county health departments to create changes in public awareness and in public health and clinical practice.
 - Requires the Department of Public Health to expand the scope of intervention provided under the Black Infant Health Program;
 - Authorizes counties to participate in the program on an optional basis;
 - Specifies uses of the funding as being for: creating a local grant program to develop Community Centers of Excellence in perinatal health; providing technical assistance to recipients of local grants such as hospitals, clinics, or other community-based organizations; carrying out local public awareness efforts on birth outcome inequalities and the value of preconception health, group prenatal care, interventions to prevent preterm births and social support; participating in collaborative statewide learning efforts; and collecting and reporting data and information on process and outcome measures on programs and activities supported with these funds;
 - Requires the Department to consult with stakeholders, as specified; and
 - Prohibits the use of these funds to supplant funds from other sources.

12) ***Syringe Exchange Programs***. Reauthorizes and makes changes to State-authorized syringe exchange programs by:

- Deleting the sunset;
- Reducing the public comment period from 90 to 45 days;
- Allowing the state to purchase materials necessary to prevent the spread of communicable diseases and to prevent drug overdose, injury or disability and protects all staff and volunteers participating in syringe exchange programs from being subject to criminal prosecution for the possession, furnishing, or transfer of these materials; and
- Authorizing the Department, if it determines that a state authorized syringe exchange program continues to meet all standards and a public health need exists, may administratively approve amendments to a program's operations, including modifications to the time, location and type of services provided, without being subject to the public noticing requirements. Authorizes the Department 30 days to respond to a request for amendment, and if the Department does not respond in writing within 30 business days, deems the request denied.

13) ***PrEP Assistance Program***. Expands and clarifies coverage under the PrEP Assistance Program. Specifically, this bill:

- Expands program eligibility to those who may consent to medical care related to the prevention of sexually transmitted diseases, per Section 6926 of the Family Code;
- Requires that unemancipated minors between 12 and 17 years of age be considered a family size of one for determining financial eligibility for this program;
- Extends funding to cover the costs of HIV medications and related medical services to uninsured individuals;
- Clarifies that the use of the drug manufacturer's medication assistance program is not required if it is not accepted by the health plan or pharmacy contracted with the health plan;
- Requires coverage of the costs of both PrEP (Pre-Exposure Prophylaxis)-related and PEP (Post-Exposure Prophylaxis)-related medical services for insured individuals;
- Subsidizes premiums to purchase or maintain health insurance coverage for individuals using PrEP if the director determines it is feasible and would result in cost savings to the state;
- Clarifies that, for this program, an insured individual on a parent's or partner's health plan shall be considered uninsured if he or she is unable to use his or her health insurance coverage for confidentiality or safety reasons; and
- Authorizes the program to subsidize HIV-prevention medication costs for: 1) up to 14 days of PrEP and PEP medications; and 2) up to 28 days of PEP medications for a victim of sexual assault.

14) ***Lead Construction Certification Program***. Establishes the program fee at \$87 beginning July 1, 2018, and authorizes the program to increase program fees to cover the costs of operating this program, with the intent to reduce the application processing time from 120 to 60 days. Requires the Department to prepare a report to the budget committees of the Legislature, and post the report on its website, by February 1 of any year in which the Department raises or establishes new or additional fees.

- 15) ***Licensing and Certification – Los Angeles Facilities Fee.*** Authorizes the Department of Public Health to assess a supplemental license fee on facilities located in Los Angeles County to cover additional costs of regulating the health care facilities located in Los Angeles County, beginning in 2018-19. Requires the department to calculate the supplemental fee based on the difference between the estimated costs of regulating facility types licensed in Los Angeles County between those facilities for which licensing and certification activities are conducted by Los Angeles County versus those facilities for which licensing and certification facilities are conducted by the State. Requires that the additional fee revenue be used to cover the costs to administer and enforce state licensure standards and other federal compliance activities for facilities located in Los Angeles. Requires that the fees be based upon the fee methodology published in the Annual Fee Report.
- 16) ***Licensing and Certification -- Federal Standards.*** Reinstates authority to use federal certification standards for state licensure of chronic dialysis clinics, rehabilitation clinics, and ambulatory surgical clinics, and during the rulemaking process for Intermediate Care Facilities/Developmentally Disabled regulations.
- 17) ***Incompetent to Stand Trial Mental Health Diversion Program.*** Implements a mental health diversion program with a focus on reducing the number of Incompetent to Stand Trial referrals to the Department of State Hospitals. Specifically, this bill:
- Requires the Department to consider local discretion and flexibility in diversion activities that meet the community's needs.
 - Authorizes the Department to solicit proposals from, and contract with, a county to help fund the development or expansion of pretrial diversion for the population for whom the following circumstances exist:
 - Individuals diagnosed with schizophrenia, schizoaffective disorder, or bipolar disorder who have the potential to be found incompetent to stand trial for felony charges, or who have been found incompetent to stand trial;
 - There is a significant relationship between the individual's serious mental disorder and the charged offense or between the individual's conditions of homelessness and the charged offense; and
 - The individual does not pose an unreasonable risk of danger to public safety if treated in the community.
 - Requires a county applying for funding under this program to designate a lead entity and show support from other county entities, including courts.
 - Requires the Department to consult with the Council on Criminal Justice and Behavioral Health on reviewing county proposals for these funds, and shall prioritize proposals that demonstrate the potential to reduce incompetent to stand trial referrals to the Department and demonstrate the following:
 - The proposal includes the provision of clinically appropriate or evidence-based mental health treatment and wraparound services across a continuum of care;
 - Collaboration between community stakeholders and government agencies; and
 - Connection of individuals to services in the community after they have completed diversion.
 - Authorizes the Department to include funding in a contract with a county to:
 - Cover the costs of postbooking assessment of defendants likely to be found incompetent to stand trial on felony charges to determine if the defendant would benefit from diversion; and

- Cover the costs of in-jail treatment prior to placement in the community for up to an average of 15 days for defendants who have been approved by the court for diversion.
- Requires a county in contract with the Department to implement a diversion program to report data and outcomes to the Department within 90 days of the end of each quarter, regarding the individuals targeted by the contract and in the program, including specified types of information.
- Requires a county to provide a 20 percent match in order to receive funds for this purpose, or 10 percent match for small counties -- population of 200,000 or less.
- Prohibits the use of these funds to supplant funds from other sources.
- Requires the Department to have access to the arrest records and state summary of criminal history of defendants participating or who have participated in the diversion program, solely for the purpose of looking at the recidivism rate for those defendants.
- Authorizes a court to grant pretrial diversion to a defendant who meets the requirements established in this bill, including:
 - The court is satisfied that the defendant suffers from a mental disorder including, but not limited to, bipolar disorder, schizophrenia, schizoaffective disorder, or post-traumatic stress disorder, and excluding antisocial personality disorder, borderline personality disorder, and pedophilia;
 - The court is satisfied that the defendant's mental disorder played a significant role in the commission of the charged offense;
 - The defendant's symptoms motivating the criminal behavior would respond to mental health treatment, in the opinion of a qualified mental health expert;
 - The defendant consents to diversion and waives his or her right to a speedy trial, except those found to be incompetent to stand trial;
 - The defendant agrees to comply with treatment as a condition of diversion; and
 - The court is satisfied that the defendant will not pose an unreasonable risk of danger to public safety if treated in the community.
- Defines "pretrial diversion" to mean the postponement of prosecution, temporarily or permanently, to allow the defendant to undergo mental health treatment, subject to all of the following:
 - The court is satisfied that the recommended inpatient or outpatient program of mental health treatment will meet the needs of the defendant; and
 - The defendant may be referred to a program of mental health treatment utilizing existing inpatient or outpatient mental health resources.
- Requires mental health providers serving defendants in this program to provide regular treatment progress reports to the court, the defense, and the prosecutor.
- Limits the period of time for which criminal proceedings may be diverted to no longer than two years.
- Requires the court to hold a hearing to determine whether criminal proceedings should be reinstated, whether treatment should be modified or whether the defendant should be conserved and referred to conservatorship proceedings if any of the following circumstances exist:
 - The defendant is charged with an additional misdemeanor that reflects a propensity for violence;
 - The defendant is charged with an additional felony;
 - The Defendant is engaged in criminal conduct rendering him or her unsuitable for diversion;
 - The defendant is performing unsatisfactorily in the assigned program; or

- The defendant is gravely disabled.
- Requires the court to dismiss the defendant's criminal charges if the defendant performed satisfactorily in diversion, by complying with the requirements of diversion, avoided significant new violations of law unrelated to the defendant's mental health condition, and has a plan in place for long-term mental health care.
- Requires the court clerk to file a record with the Department of Justice indicating the disposition of the case diverted.
- Requires the charges to be deemed never to have occurred should diversion be completed successfully and prohibits a record pertaining to an arrest resulting in successful completion of diversion to be used to deny employment, benefit, license or certificate.
- Requires defendants to be advised that, regardless of the successful completion of diversion, both of the following apply:
 - The arrest may be disclosed to any peace officer application request or in the course of an interview for a position as a peace officer; and
 - A sealed record has no effect on a criminal justice agency's ability to access and use sealed records on the relevant arrest.
- Prohibits the use of the defendant's mental health records to be used in any other proceeding without the defendant's consent, with exceptions as specified.
- Requires that, to the extent not prohibited by federal law, the defendant's mental health treatment providers, the public guardian or conservator and the court shall have access to the defendant's medical and psychological records, including progress reports, for the purpose of providing care and treatment.

18) ***Competency Restoration Assessments.*** Allows courts to make a determination that a defendant/patient, who has been found to be Incompetent to Stand Trial, has regained competency prior to admission into the proposed Los Angeles County Restoration in Community Treatment Program facility or a Department of State Hospitals facility where such patient would receive restoration of competency services.

COMMENT: This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions taken affecting the Departments of Health Care Services, Public Health, the California Health and Human Services Agency, and the California Health Benefits Exchange.

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

SENATE THIRD READING
SB 845 (Committee on Budget and Fiscal Review)
As Amended June 12, 2018

SUMMARY: As part of the 2018 budget package, includes provisions relating to Human Services programs provided through the Department of Social Services, California Department of Aging, Department of Health Care Services, Department of Child Support Services, and the Office of Systems Integration. Specifically, **this bill:**

- 1) **Home Based Family Rate.** Clarifies that the new Home-Based Family Care (HBFC) rate structure, established as part of the Continuum of Care Reform (CCR), does not apply for cases that went to permanency on or before December 31, 2016 for the Adoption Assistance Program (AAP), the Kinship Guardian Assistance Payment (Kin-GAP) program, and the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, and Non-Related Legal Guardian (NLRG) cases. These cases will continue receiving the rates that existed at the time permanency was established.
- 2) **Long-Term Care Ombudsman.** Increases the base allocation for local Long-Term Care Ombudsman offices to \$100,000 annually. The Budget Act includes an augmentation of \$2.3 million General Fund (on-going) that corresponds to this statutory change.
- 3) **Child Support Services Data Reporting and Workgroup.** Requires the director of the Department of Child Support Services and the president of the Child Support Directors Association of California to jointly lead discussions for the purposes of identifying program-wide operational efficiencies and further refinements to budget methodology for the child support program beginning July 1, 2018, and requires the department to submit a report to chairs of the budget committees of each house of the Legislature that includes a description of the topics discussed and recommendations by July 1, 2019. Repeals these provisions on January 1, 2021. The Budget Act includes an augmentation of \$3 million General Fund (one-time) to support child support administration.
- 4) **CalFresh Food and Vegetable EBT Pilot.** Establishes the California Fruit and Vegetable Electronic Benefits Transfer (EBT) Pilot Project in order to increase the purchase and consumption of California-grown fruits and vegetables that are financially out-of-reach for low-income residents. Requires the Department of Social Services, in consultation with the Department of Food and Agriculture and stakeholders, to include within the EBT system a supplemental benefits mechanism that allows an authorized retailer to deliver and redeem supplemental benefits. Requires the Department of Social Services to evaluate the pilot and make recommendations to further refine and expand the supplemental benefits mechanism, and submit a report to the Legislature no later than January 1, 2022. The Budget Act includes an augmentation of \$9 million General Fund (one-time) that funds this pilot program.
- 5) **CCR True-Up Reconciliation.** Requires the Department of Finance, in consultation with the Department of Social Services, the County Welfare Directors Association of California, the Chief Probation Officers of California, and the California State Association of Counties, to develop and implement a methodology for determining the

state's and each county's overall actual costs and savings resulting from the Continuum of Care Reform initiative.

- 6) **CalWORKs HAP Voucher Increase.** Increases the daily rate for CalWORKs temporary homeless assistance from \$65 a day to \$85 a day for a family with up to four members, and increases the daily maximum from \$124 to \$145, based on the current \$15 increase per additional family member. The Homeless Assistance Program (HAP) helps homeless CalWORKs families pay for up to 16 consecutive days of temporary shelter while the family is searching for permanent housing.
- 7) **Tribal-State Title IV-E Agreements – Start Up Allocations.** Authorizes an Indian tribe, consortium of tribes, or tribal organization, that is a party to an agreement to, in accordance with the agreement, be eligible to receive an allocation of child welfare services funds to assist in funding the startup costs associated with establishing a comprehensive child welfare services program. States that this funding will be available for the first three years of implementation of the agreement.
- 8) **CCR Long-Term Funding Solution.** Authorizes a long-term solution, beginning July 1, 2018, for the approval of foster parents through the Resource Family Approval (RFA) process by providing payment at the time of placement for emergency caregivers. In 2018-19, families who experience a delay in payment beyond 90 days can receive an extension up to either 180 days or 365 days. Counties will need to provide documentation showing that specific conditions are met for either extension, including that the delay was beyond the control of the family or the county. For 2019-20 and beyond, emergency caregivers will still receive payment at the time of placement, and if the RFA process takes longer than 90 days, the Department of Social Services will consider extensions if it makes the determination that the RFA process cannot be completed within the 90 days due to circumstances beyond a county's control. Payments will be made through the Emergency Assistance (EA) Program and will use Temporary Assistance for Needy Families (TANF) funds, with a 70 percent share funded by the state and a 30 percent share funded by the county.
- 9) **Waiver Personal Care Services Provider Parity.** Establishes county public authorities and nonprofit consortia as the employers of record for Waiver Personal Care Services (WPCS) providers, and extends the same collective bargaining rights and structures that currently exist for IHSS providers to WPCS providers. Wages and benefits would be the same for WPCS providers as those of IHSS providers in the counties in which they serve. WPCS providers are currently excluded from the same collective bargaining rights as In-Home Supportive Services (IHSS) workers. The Budget Act includes \$3 million General Fund (on-going) that funds this policy.
- 10) **CalWORKs No Child in Deep Poverty.** Increases the maximum aid payment (MAP) amounts for CalWORKs recipients by 10 percent effective April 1, 2019, and states the intent of the Legislature to provide future grant increases in 2019-20 and 2020-21, contingent upon funding in the annual Budget Act, in order to increase grants to no less than 50 percent of the Federal Poverty Level. Specifies that if an incremental adjustment is made to the MAP, the county share of the adjustment is either based on the total incremental adjustment or the increase in the California Necessities Index, whichever is lower when the adjustment becomes effective. The Budget Act includes \$90 million

General Fund in 2018-19 and \$360 million in 2019-20 and on-going to fund the first step of this policy.

- 11) **COLAs for CalWORKs and SSP:** Provides for cost-of-living adjustments (COLAs) beginning in 2022-23 to both the maximum aid payments in the CalWORKs program and benefits under the State Supplementary Program. Funding for both COLAs is contingent upon funding in the annual Budget Act.
- 12) **Deaf Access Program.** Requires the Department of Social Services to contract with public agencies or private nonprofit corporations pursuant to a competitive bid process to provide deaf access services. Authorizes those contracts to be negotiated for a term not to exceed five years. Requires a private nonprofit corporation to submit a financial statement for its most recent fiscal year prior to any new award or renewal of a contract. The Budget Act includes an augmentation of \$4 million General Fund (on-going) for the Deaf Access Program.
- 13) **CalWORKs Welfare to Work Study Time.** Authorizes that hours required for study time provided for by an educational or training institution when determining the minimum number of hours of participation in educational or vocational training necessary for a CalWORKs recipient to be exempt from concurrent work activities.
- 14) **CalSAWS Stakeholder Workgroup.** Requires the Department of Social Services, the Department of Health Care Services (DHCS), the Office of Systems Integration (OSI), and the California Statewide Automated Welfare System (SAWS) project consortia to engage with stakeholders to discuss current and planned functionality changes, system demonstrations of public portals and mobile applications, and advocates' identification of areas of concern. Requires these meetings to commence in the summer of 2018 and to continue at least quarterly through development, implementation, and maintenance. Also requires the Department of Social Services, DHCS, and OSI to develop, in consultation with the County Welfare Directors Association of California, the SAWS consortia, and stakeholders, a formal process for health and human services advocates and clients to provide input into new or changing public facing elements of CalACES and California Automated Consortium Eligibility System (CalSAWS).
- 15) **CCR Placement Contingency Plan.** Authorizes the Department of Social Services to grant an extension to a group home to, on a case-by-case basis, extend its rate beyond December 31, 2018, upon a county child welfare department submitting a written request on behalf of a provider and providing required documentation. Authorizes such extensions in increments up to 6 months and not to exceed a total of 12 months. In order to be eligible to maintain placement of placed foster youth in a group home receiving an extension, the county child welfare agency, in partnership with the county mental health plan, shall submit a plan to DSS by August 15, 2018, and the trailer bill details the components of this plan.
- 16) **Home Safe Program.** Establishes the Home Safe Program, which would require the Department of Social Services to award grants to counties, tribes, or groups of counties or tribes, that provide services to elder and dependent adults who experience abuse, neglect, and exploitation and otherwise meet the eligibility criteria for adult protective services, for the purpose of providing prescribed housing-related supports to eligible individuals.

Requires the Department of Social Services to develop criteria and procedures to award the grants, and requires the Department of Social Services to enter into a contract with an independent evaluation and research agency to evaluate the impacts of the program. The Budget Act includes \$15 million General Fund (one-time) for the Home Safe program.

- 17) **CalWORKs Home Visiting Initiative.** On and after January 1, 2019, establishes the CalWORKs Home Visiting Initiative as a voluntary program for the purpose of supporting positive health, development, and well-being outcomes for eligible pregnant and parenting women, families, and infants born into poverty, expanding their future educational, economic, and financial capability opportunities, and improving the likelihood that they will exit poverty. Includes case management and evidence-based home visiting, as defined, as a primary component of the program, and would require home visiting to be offered to an individual who meets certain criteria and to include, but not be limited to, specified resources and referrals relating to prenatal, infant, and toddler care, among other things. Makes participation in the program optional for counties and would require a county that applies for funds under the program to agree to the terms of the program and to include specified information in its application. Subject to an appropriation in the annual Budget Act, requires the Department of Social Services to award funds to participating counties for the purposes of the program.
- 18) **Chafee Grant Foster Youth Support.** Commencing with the 2018–19 award year and contingent upon an appropriation of sufficient funds in the annual Budget Act for this purpose, adds the condition that the student not be 26 years of age or older by July 1 of the award year in order to receive a Chafee grant award. Requires the commission to annually report to the Legislature specified information regarding Chafee grant awards for the preceding award year, including the number of students that apply to receive the Chafee grant award, and the number of, and age of, students paid through the program. The Budget Act includes \$4 million General Fund (on-going) for this policy.
- 19) **Paid Sick Leave Workgroup.** No later than February 1, 2019, requires DSS, in consultation with the Department of Finance and stakeholders, to reconvene the paid sick leave workgroup for in-home supportive services. Requires the workgroup to discuss how paid sick leave affects the provision of in-home supportive services and to consider the potential need for a process to cover an in-home supportive services recipient's authorized hours when a provider should need to utilize his or her sick time. Requires the workgroup to complete its work by November 1, 2019.
- 20) **Improving Outcomes for Older Youth in Shelters/Group Homes.** Requires each group home, transitional shelter care facility, short-term residential therapeutic program, and temporary shelter care facility to develop protocols that dictate the circumstances under which law enforcement may be contacted in response to the conduct of a child residing at the facility. Requires the protocols to, among other things, specify that contacting law enforcement shall only be used as a last resort once all other deescalation and intervention techniques have been exhausted and only upon approval of a staff supervisor. Requires DSS to allocate funds appropriated to provide training and community-based, culturally relevant, trauma-informed services in order to reduce the frequency of law enforcement involvement and delinquency petitions arising from incidents at group homes and other facilities licensed to provide residential care to

dependent children. The Budget Act includes \$4 million General Fund (one-time) for this policy.

- 21) **End SSI Cashout with Hold Harmless for Current Cases.** Repeals the SSP payment reductions for purposes of CalFresh eligibility, and would grant CalFresh eligibility, as specified, to recipients of SSI, SSP, or both as of June 1, 2019, or an alternate implementation date determined by the department that is no later than August 1, 2019. Requires a county welfare department to determine continuing eligibility and benefits for households, as specified. Establishes the SSI/SSP Cash-In Supplemental Nutrition Benefit (SNB) Program to provide nutrition benefits to a CalFresh household that had its benefits reduced when a previously excluded SSI or SSP recipient was added to the household under the new eligibility provisions. Establishes the SSI/SSP Cash-In Transitional Nutrition Benefit (TNB) Program to provide nutrition benefits to a CalFresh household that became ineligible when a previously excluded SSI or SSP recipient was added to the household under the new eligibility provisions. Provides that the SNB and TNB program benefits would be granted only to the extent funding is appropriated in the annual Budget Act. States legislative intent to continue funding a hold harmless for populations as specified, until natural program attrition negates the need for future funding. States legislative intent to provide ongoing funding for county administration for implementation for the duration of the hold harmless. The Budget Act includes \$200 million General Fund to enable the beginning of this initiative.
- 22) **Implementation and Regulations.** Provides authority to the state to implement and administer specified changes to law through all-county letters or similar instructions until regulations are adopted, and provides authority for emergency regulations to be adopted no later than January 1, 2020.
- 23) **Local Mandates.** Specifies that to the extent that this act has an overall effect of increasing the costs already borne by a local agency for programs or levels of services mandated by the 2011 Realignment Legislation, Section 36 of Article XII of the California Constitution shall govern this act's application to local agencies and the state's funding of those programs or levels of service.
- 24) **Urgency.** Designates this act as a bill providing for appropriations related to the Budget Act and that it is identified as such in the Budget Bill, and shall take effect immediately.

SENATE THIRD READING

SB 846 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: Contains necessary statutory and technical changes to implement the Budget Act of 2018 related to Public Safety. Specifically, this bill:

1. Requires the California Department of Corrections and Rehabilitation, in response to declines in the state prison population, to reduce capacity in a manner that maximizes long term facility savings, leverages long-term investments, and maintains sufficient flexibility to comply with the federal court ordered population cap beginning with private contracts staffed by non-CDCR employees.
2. Establishes a 7 year young adult pilot program for a limited number of transition-aged youth for the purposes of diverting them from adult prison to a juvenile facility in order to provide developmentally appropriate rehabilitative programming with the goal of improving outcomes and reducing recidivism. Youth who committed a specific offense who were under 18 years of age at the time of the offense will be initially targeted for this program. An evaluation of the pilot will also be completed to measure the impact on recidivism and the cost-effectiveness of the pilot.
3. Makes various statutory changes including extending the age of jurisdiction for minors from 23 to age 25 in cases where a minor, if charged in criminal court, would face a total aggregate sentence of 7 years or more, provides a prospective honorable discharge opportunity for any youth housed in DJF, and other technical changes to provide additional rehabilitative opportunities for transition-aged youth.
4. Establishes the Youth Reinvestment Grant Program within the Board of State and Community Corrections to divert youth, including Native American Youth, who commit status and other low level offenses with trauma informed programming and support in lieu of arrest and detention and a statewide evaluation of the grant program and its outcomes. Requires the BSCC to coordinate with the California Health and Human Services Agency and the State Department of Education for the administration and accountability of the grant program.
5. Creates an innovations grant program to be administered by the Commission on Peace Officer Standards and Training for law enforcement trainings in the areas of use of force, de-escalation, officer wellness, implicit bias, cultural diversity, and community policing with the goal of reducing officer-involved shootings.
6. Extends the sunset for county board of supervisors who enter into transfer agreements with other counties to incarcerate individuals, upon the opinion of the county sheriff that adequate facilities are not available for the confinement of prisoners. The sunset is July 1, 2021.
7. Clarifies the technical definition of local detention facilities to include court holding facilities but excludes areas within courtrooms or a public area of the courthouse.
8. Reduces the AB 900 lease revenue bond authority for the construction of local jails to \$867,434,000.

9. Makes technical change to remove the requirement that funding received by the Office of Emergency Services from the federal Office on Violence Against Women be used before appropriating money from the General Fund.
10. Establishes the Division of Fiscal and Business Services under the undersecretary.
11. Authorizes the California Department of Corrections and Rehabilitation to let its facilities, at less than fair market rental value and requires the criteria and process exempting these leases or subleases to be published in the State Administrative Manual. Requires the Department of General Services to report to the Joint Legislative Budget Committee annually on these new leases or subleases.
12. Requires reporting requirements for the contraband interdiction pilot program at the Substance Abuse Treatment Facility and State Prison in Corcoran. Includes that the screening must be done on every individual entering the facility, 24 hours a day, 7 days a week and requires tracking and reporting on the use of screening technology, including when the screening is not conducted and the reasons why.
13. Provides for the licensure of correctional clinics to obtain drugs from correctional pharmacies for the administration of medication to patients in their care.
14. Authorizes the court, when resentencing a defendant, to reduce his or her term of imprisonment and modify the judgement, including a judgment entered after a plea argument.
15. Authorizes CAL-FIRE to grant statewide certification to an individual as an EMT-1 after completion of a specified CAL-FIRE training program and meeting other requirements including the attainment of a high school diploma and receiving a recommendation from the Director of CAL-FIRE.
16. Provides California IDs for youth released from the Division of Juvenile Justice.
17. Makes technical changes to the Corrections Training Fund and the Coroner's Fee which will be reverted to the State Penalty Fund.
18. Authorizes the California Prison Industry Authority to purchase vehicles, exempting them from existing restrictions that require the Department of General Services to provide specified oversight over the purchase of motor vehicles and general use mobile equipment.
19. Increases the hours of training for each correctional peace officer cadet from 480 hours to 520 hours for a cadet who commences training on or after January 1, 2019, to be completed before the cadet can be assigned to a post or position as a correctional officer.

COMMENT: This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions related to public safety.

Analysis Prepared by: Jennifer Kim / BUDGET / (916) 319-2099

FN:

SENATE THIRD READING

SB 847 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: Contains necessary statutory and technical changes to implement the Budget Act of 2018 related to the Judicial Branch. Specifically, this bill:

1. Establishes two judgeships in the Riverside Superior Court and an appellate Justice in the Fourth Appellate District.
2. Requires that before an entry of judgement in a class action, the court must determine the total amount payable to all class members and to set a court date where parties will report as to the actual amount that was paid. Requires the court to amend the judgement to direct the defendant to pay the sum of the unpaid residual, plus interest, to nonprofit organizations or foundations to support projects that will benefit the class of similarly situated person, to child advocacy programs, or to nonprofit organizations providing civil legal services to indigent individuals. Requires an attorney for a party to a class action to notify the court if he or she has a connection to a proposed non-party recipient of class action settlement funds that could create the appearance of impropriety. Also requires the court to transmit a copy of the judgment to Judicial Council and would require the judgment to contain information identifying non-party recipients of class action settlement funds. Beginning January 1, 2023 and every fifth year thereafter, requires the California Research Bureau to prepare and publish on its Internet Web site a five year aggregate report of that information.
3. Extends the sunset for certain civil filing fees related to complex cases to July 1, 2023, including the \$1,000 complex case fee and the total \$18,000 fee limitation. Extends the \$60 filing fee for any specified motion, application, order to show cause, or any other paper requiring a hearing subsequent to the first paper to July 1, 2023. Extends the filing fee of \$40 for a request for special notice to January 1, 2024.
4. Requires long-term fund condition statements for any future trial court capital outlay requests and requires an assessment conducted by the Judicial Council of projects identified in its Update to Trial Court Capital Outlay Plan and Prioritization methodology adopted in 2008 or the most recent update with additional criteria, including impact on court users and comparing costs to repair or renovate.
5. Establishes a pilot program for the online adjudication of traffic violations which consists of a minimum of eight county court participants, establishing procedures to determine a defendant's ability to pay, a presumption of a 50 percent decrease in fines and fees that can be adjusted by the court with express findings, \$25 payment plans for qualifying individuals, the offering of online trials, and an evaluation of the pilot. Requires the Judicial Council to submit a report on various outcome measures of the pilot.

COMMENT: This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions related to the Judicial Branch.

SENATE THIRD READING

SB 855 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: This is the revenue and taxation trailer bill for 2018-19. It contains necessary changes related to the Budget Act of 2018. Specifically, this bill:

- 1) Expands the Earned Income Tax Credit (EITC) to working individuals who are aged 18-24 or over age 65 by revising the age range requirement for the definition of an "eligible individual."
- 2) Expands the qualifying income range for the EITC so that employees with one or more dependents working up to full-time at the 2019 minimum wage of \$12 per hour would qualify for the credit.
- 3) Extends, until 2026, the allowance of the current credit for hiring qualified full-time employees within a specified census tract or economic development area. The credit is an amount equal to 35 percent of qualified wages, paid to qualified employees, multiplied by an applicable percentage of the taxable year.
- 4) Excludes from gross income the earned income of an eligible taxpayer that is derived from sources within Indian country in this state.
- 5) Extends the California Competes Tax Credit until January 1, 2010, and provides for the allocation of credit amounts of \$180 million for each fiscal year 2018-19 to 2022-23.
- 6) Requires that beginning with the 2018-19 fiscal year, that when determining whether to enter into a specific written agreement related to the California Competes Tax Credit, the Governor's Office of Business and Economic Development (GO-Biz) consider the extent to which the credit will influence the taxpayer's ability, willingness, or both, to create jobs in California. Additionally, requires GO-Biz to consider the amount of training opportunities offered for employees by the taxpayer.
- 7) Requires GO-Biz to provide to the Legislative Analyst's Office (LAO) a report on credits allocated for the 2018-19 fiscal year, including a detailed description of the methodology used to evaluate applications and allocated credits. Additionally, requires the LAO to report to the Legislature on the GO-Biz report.
- 8) Requires GO-Biz to provide a member of the California Competes Tax Credit Committee, or their designated representative, upon request of that member, with any information necessary to fulfill their duties related to the tax credit.
- 9) Removes the repeal date of January 1, 2019, for a tax data exchange agreements between the Franchise Tax Board and local governments. Additionally, makes clarifying changes.

COMMENT: This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions related to revenue and taxation.

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

SENATE THIRD READING

SB 861 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: This is the No Place Like Home Act of 2018. Specifically, this bill:

- 1) Includes findings and declarations that housing is a key factor for stabilization and recovery from mental illness and results in improved outcomes for individuals living with mental illness.
- 2) Enacts the No Place Like Home Act of 2018 and provides for submission of the act to the voters at the November 6, 2018, statewide general election.
- 3) Specifies that the service contracts between the California Health Facilities Authority (Authority) and the Department of Housing and Community Development (Development) may be single-year or multiyear contracts and provide for payments to the Department from amounts on deposit in the Supportive Housing Program Subaccount.
- 4) Provides that any appropriation or transfer to the No Place Home from the General Fund or other funds as moneys required to be paid into the No Place Like Home Fund.
- 5) Declares that the voters ratify as being consistent with and in furtherance of the Mental Health Services Act (MHSA).
- 6) Includes an urgency statute and take effects immediately

COMMENT: This bill makes changes to the No Place Like Home Act of 2018.

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

FN:

SENATE THIRD READING

SB 866 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: This is the state government trailer bill for 2018-19. It contains necessary changes related to the Budget Act of 2018. Specifically, this bill:

- 1) Clarifies that the State Personnel Board (SPB) has authority over appointments as outlined in Article VII of the Constitution.
- 2) Redefines transfer to mean the appointment of an employee to a different class to which the employee satisfies the minimum qualifications and that has substantially the same level of duties, responsibility, and salary, as determined by board rule, and would make related conforming changes.
- 3) Clarifies that individuals that successfully pass an evaluation period, not only a probationary period, are considered a permanent employee.
- 4) Specifies that reference to rules is equivalent to board rules and rules of the board.
- 5) Removes the requirement that state entities can only offer job examinations on a continuous basis if the entity experiences difficulty in maintaining a qualified candidate pool.
- 6) Removes the requirements that state entities can only offer job examinations on a continuous basis if the entity experiences difficulty in maintaining a qualified candidate pool.
- 7) Provides that the department, consistent with board rules, can prescribe conditions for individuals to take promotional examinations.
- 8) Removes the rule that individuals can only apply for a job if they are on an examination list for that specific job classifications, even if the person is on a list for a classification that is substantially similar.
- 9) Provides that a transfer may be accomplished without examination pursuant to a transfer.
- 10) Revises Government Code Section 19051 to state that civil service appointments shall only be made to a class that is appropriate for the duties, functions, and responsibilities that will be performed.
- 11) Removes rules concerning certifying candidates for managerial positions.
- 12) Allows the department to combine a Limited Examination and Appointment Program (LEAP) eligibility list for a job with a non-LEAP eligibility list.
- 13) Provides that job seekers with a disability can become employed through the LEAP process where they work at the job during six-month evaluation period to demonstrate

that they can perform the job duties, instead of the standard process where the individual takes an examination and has probationary period to demonstrate they qualify for the job.

- 14) Replaces "for female-dominated jobs" with work for jobs that employ a higher proportion of females than males.
- 15) Requires the Public Employee's Retirement System to assist the Department of Human Resources (department), upon request, by providing retiree names and addresses for notifying retirees of eligibility for enrollment into a dental plan, vision plan, group legal insurance plan, or life insurance plan offered by the department. Provides that any information provided to the department shall be treated as confidential.
- 16) Repeals and adds language that the Department of Human Resources may provide training programs to any public employee of officer so that the quality of service rendered by those persons may be continually improved. Also defines "public employee or officer" and provides that the department may give priority to a public employee or officer.
- 17) Provides that with the goal of reaching a 50-percent cost sharing of actuarially determined normal costs for both employer and employees by July 1, 2020, the Department of Human Resources may establish the total employee contribution to prefund retiree health care as a percentage of pensionable compensation for the following:
 - a. A state employee who is not related to a bargaining unit described in subdivision (a) and who is excepted from the definition of state employee in subdivision (c) of Section 3513.
 - b. An officer or employee of the executive branch of state government who is not a member of the civil service.
- 18) Provides that an employee or officer to whom this subdivision applies shall make contributions to prefund retiree health care based on the percentages established in #17 and the state shall make matching contributions.
- 19) Requires, for an amendment to the charter of the County of San Diego to require the candidates for county office be elected at the general election, clarify that the calculation of 10% of qualified electors in the county is computed upon the total number of votes cast in the county for all candidates for Governor at the last general election at which a Governor was elected. Applies this provision retroactively, commencing January 1, 2018.
- 20) Requires an employee hired by the Kern County Hospital Authority on or after the operative date of this act to participate in the Kern County Employees' Retirement Association.
- 21) Allows the State Controller, upon order by Finance, to transfer the amount of Proposition 2 (2014) debt repayment funds allocated to make a supplemental pension payment to CalPERS to pay the state's unfunded liability or repay the Pooled Money Investment Account (PMIA) for principal and interest costs on a cash loan made to supplement the state's retirement contributions.

- 22) Requires the California Complete Count Census to submit reports relating to various aspects of the federal decennial census to the Joint Legislative Budget Committee, the Assembly Select Committee on the Census, and the Senate Select Committee on the 2020 United States Census.
- 23) Clarifies existing law to make explicit that employee organizations and bona fide associations are authorized to request payroll deductions.
- 24) Clarifies existing law to provide that employees, including retired employees, of a public employer, in addition to any other prescribed and authorized purpose, may authorize deduction from their salary, wages, or retirement allowance for the payment of dues in, or for any other service by, an employee organization or bona fide association, as defined and specified; that the public employer must honor employee authorizations for such deductions; and, that the revocation of an authorization must be determined by the terms of the authorization.
- 25) Clarifies and makes explicit that all public employers must honor employee authorizations for dues deduction; that the revocability of an authorization be determined by the terms of the authorization; that a public employer or Controller rely on information provided by the employee organization regarding whether the request is in conformity with the authorization; and, that the employee organization must indemnify the public employer, governing body of a public school employer or community college district for any claims made by the employee for deductions made in reliance on that information.
- 26) Authorizes employers, as specified, to deduct the actual reasonable costs of making the deduction from the amount transmitted to the organization.
- 27) Clarifies, by making explicit, the period in which payroll deductions commence, after the employer has received notification from a certified or recognized employee organization that it possesses a written authorization for deduction.
- 28) Prohibits a certified or recognized employee organization that certifies it has and will maintain individual employee authorizations from being required to submit a copy of the written authorization to the public employer to commence payroll deductions, unless a dispute arises about the existence or terms of the authorization.
- 29) Clarifies the administration of payroll deductions and salary deductions by public employers or the Controller for these purposes.
- 30) Provides for administration, procedures, deductions, cancellations or other changes relating to payroll deduction by state employees of public agencies not under the uniform payroll system.
- 31) Requires all public employers to direct employee requests to cancel or change deductions to the employee organization.
- 32) Clarifies by making explicit as declaratory of existing law that applicants for public employment also are among those whom the public employer is strictly prohibited from deterring or discouraging from becoming or remaining members of an employee organization, and expressly applies these prohibited activities involving the authorization of dues or fee deductions to an employee organization.

- 33) Provides the Public Employment Relations Board (PERB) with jurisdiction over these provisions such that the powers and duties of the board apply, as provided in existing law, and as appropriate.
- 34) Amends existing law regarding public employee communications to include certain employees covered under the Judicial Council Employer-Employee Relations Act and those in public transit districts not within the jurisdiction of the PERB.
- 35) Clarifies existing law by requiring that the date, time, and place of a new public employee must not be disclosed in advance of the orientation to anyone other than the employees, the exclusive representative, or a vendor that is contracted to provide a service for purposes of the orientation.
- 36) Clarifies existing law related to trial court employees and court interpreters regarding the authorization of dues deduction from the employee's salary, and the requirement that the court trial court employer must honor such requests, as provided.
- 37) Includes a legislative finding and declaration relating to new employee orientation and the public's right of access to the meetings of public bodies or the writings of public officials and agencies, as provided pursuant to Section 3 of Article I of the California Constitution, that these provisions, and the entirety of this Act balance the right of the public to access such writing of public agencies while protecting the privacy of employees.
- 38) For the purposes prescribed by the respective provisions herein (i.e., this measure), clarifies the definition of the following terms:
 - a. "State employee" to mean all persons who receive wages for services through the uniform payroll system establish and administered by the Controller, as prescribed.
 - b. "Public agency" to include counties, cities, municipal corporations, political subdivisions, public districts, and other public agencies of the state.
 - c. "Employee organization" to mean an organization which represents employees of a public employer and that has been recognized or certified by the public employer or the PERB as the exclusive representative of the employees.
 - d. "Bona fide association" to mean an organization of employees and former employees of an agency of the state and the California State University, and which does not have as one of its purposes representing these employees in their employer-employee relations.
 - e. "Deduction" to not include direct deposit by electronic funds transfer, as specified, and authorized.
 - f. "Public employer" to mean the state, the Regents of the University of California, the Trustees of the California State University and the California State University, the Judicial Council, a trial court, a county, city, district, public authority, including transit district, public agency, or any other political subdivision or public corporation of the state, except as provided.

- g. "Employee organizations" to mean an employee granted rights by collective bargaining statutes, including employees of a public transit agency, the labor relations of which are regulated by the Public Utilities Code.
 - h. "Public employer" to mean employers subject to collective bargaining statutes under the jurisdiction of the PERB, including the employer of record for in-home supportive services, as provided, and public transit districts not within the jurisdiction of the PERB, excluding a public school employer or community college district for purposes of transmittal of payroll deductions to professional organizations or employee organizations, as these entities must be governed by specific Sections of the Education Code, as provided and may be applicable.
 - i. "Mass communication" to mean a written document, script for an oral or recorded presentation or message, that is intended for delivery to multiple public employees, and prescribes procedures for public employers to disseminate mass communications to public employees concerning employee rights to join, support, or refrain from joining or supporting an employee organization. These provisions also require the public employer to meet and confer with the exclusive representative concerning the content of the mass communication and the process of disseminating mass communications to employees, if the parties are unable to agree on the content of communication, as provided, but exempts those communications that have been adopted by the PERB or the Department of Human Resources.
 - j. "Exclusive representative" to mean the exclusive representative or recognized employee organization for the bargaining unit.
 - k. "Interest arbitration" to mean a process whereby an employer and an exclusive representative submit a dispute concerning the terms of access to new employee orientations for resolution to a third-party arbitrator who is then authorized to approve either party's proposal in its entirety, to approve a proposal using both the employer's and exclusive representative's final proposals, or to modify the proposals by the parties.
 - l. "New employee orientation" to mean the onboarding process of a newly hired public employee, whether in person, online, or through other means or mediums, in which employees are advised of their employment status, rights, benefits, duties and responsibilities, or any other employment-related matters.
 - m. "Newly hired public employee" to mean any employee, whether permanent, temporary, full time, part time, or seasonal, hired by a public employer, to which this chapter applies and who is still employed as of the date of the new employee orientation.
- 39) Establishes the Pre-Release Construction Trades Certification Program to increase employment opportunities in the construction trades for inmates upon release.
- 40) Requires the California Workforce Development Board to administer a prison-to-employment program and award grants for purposes that include the development of regional partnerships and regional plans to provide and coordinate the necessary

workforce, education, supportive, and related services that formerly incarcerated and other justice-involved individuals need to secure and retain employment and reduce chances of recidivism.

41) Establishes the Breaking Barriers in Employment for Adults with Autism Pilot Program to run until January 1, 2022 in Sacramento and Los Angeles.

COMMENT: This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions related to state government.

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

FN:

SENATE THIRD READING

SB 870 (Committee on Budget and Fiscal Review)

As Introduced January 10, 2018

SUMMARY: Contains necessary statutory and technical changes to implement the Budget Act of 2018 related to the Public Safety. Specifically, **this bill:**

1. Clarifies provisions related to the Disaster Response Emergency Operations Account (DREOA) by defining disaster response operations costs as those that are immediate and necessary to deal with an ongoing or emerging crisis. Requires notification to the Joint Legislative Budget Committee and the fiscal committees of the Assembly and the Senate where emergency response activities must continue beyond the 120 day period and must include the estimated additional amount of time needed and the reason requiring the additional time. Provides that extensions cannot exceed 120 days past the initial 120-period.
2. Requires, beginning on January 1, 2019, a monthly surcharge amount of not less than \$0.20 and not more than \$0.80 per access line to fund the current fiscal year's 911 costs under the Emergency Telephone Users Surcharge Act. Requires, between January 1, 2019 and before January 1, 2020, a 0.75% surcharge for mobile telephone communications services for prepaid mobile telephony services. Requires, on or after January 1, 2020, that prepaid monthly telephony services monthly surcharges will be the equivalent of surcharges of all other access lines. Clarifies that Next Generation 9-1-1 and the subsequent technologies and interface needed to deliver 9-1-1 voice and data information is included within the meaning of the basis system for the purposes of the State Emergency Number Account expenditures. Takes effect immediately as an urgency statute.

COMMENT: This bill is a budget trailer bill within the overall 2018-19 budget package to implement actions related to the Public Safety.

Analysis Prepared by: Jennifer Kim / BUDGET / (916) 319-2099

FN:

SENATE THIRD READING

SB 871 (Committee on Budget and Fiscal Review)

SUMMARY: Extends the Film Tax Credit as part of the 2018 Budget Package. Specifically, this bill:

- 1) Similar to existing credits, establishes credits under the Personal Income Tax Law and the Corporation Tax Law beginning on or after January 1, 2020, to be allocated by the California Film Commission between July 1, 2020 and July 1, 2025.
- 2) Allows the credit in an amount equal to 20 percent or 25 percent of qualified expenditures for the production of a qualified motion picture in California, with additional credit amounts allowed, including for amounts equal to specific qualified expenditures and qualified wages relating to original photography, as specified.
- 3) Limits the aggregate amount of the new credits to be allocated in each fiscal year to \$330 million plus additional specified amounts.
- 4) Requires the California Film Commission to allocate credit amounts subject to specific categories of qualified motion pictures in two or more allocation periods per fiscal year, as specified, and issue credits certificates.
- 5) Requires an applicant for the credit to include in the application the applicant's voluntary programs to increase the representation of minorities and women in certain job classifications.
- 6) Requires the California Film Commission to annually post on its website and make available for public release specific aggregated diversity information collected from an applicant.
- 7) Extends existing allowance, beginning on or after January 2020, permitting the, in lieu of the credits authorized under the Personal Income Tax Law and the Corporation Tax Law for qualified motion pictures, application of the credit amount against qualified state sales and use taxes, as specified.
- 8) Appropriates \$8,000 to the California Film Commission for work related to the credits provided for in this bill.

FISCAL EFFECT: This bill allows the issuance of up to \$330 million in tax credits each year for each year 2020-2021 until 2024-25, for a total of \$1.65 billion in credits. According to the Senate Appropriations Committee the Franchise Tax Board (FTB) estimates that the bill would result in General Fund revenue losses of \$27 million in 2021-22, \$90 million in 2022-23, and \$140 million in 2023-24. FTB's costs to implement the bill have yet to be determined. The California Film Commission would incur increased costs to administer the new tax credit program, adopt regulations and report to the LAO and FTB, as specified. The Commission estimates the cost to be \$1.1 million annually over the five-year period (General Fund).

COMMENT: This bill extends California's current film tax credit for an additional five years. The current credit program was authorized in 2009 and extended in 2014 and is scheduled to conclude in 2020. The new credit system would make some adjustments to the current credit system related and extend credit carryforward from five to eight years.