

**Monday, June 19, 2017**

**Full Budget Committee - Informational Hearing**

Bills to be discussed at today's hearing:

Bill on Senate Floor	Topic	Bill on Assembly Floor
AB 104	GG VI Technical Clean Up	SB 88
AB 122	2016 BB Jr Ed Clean Up	SB 107
AB 123	BB Jr. 2017 Clean Up	SB 108
AB 125	Prop 39 Extension	SB 110
AB 126	Developmental Services Clean Up	SB 111

Bills were previously discussed at the June 13, 2017 Informational Hearing:

Bill on Senate Floor	Topic	Bill on Assembly Floor
AB 100	GG V (CalPERS Supplemental Payment)	SB 84
AB 113	Health	SB 97
AB 114	Prop 63 and CHBRP (2/3)	SB 98
AB 117	Bottle Bill	SB 102
AB 121	GG IV EITC	SB 106

SENATE THIRD READING

SB 88 (Committee on Budget and Fiscal Review)

As Amended June 14, 2017

Majority vote

**SUMMARY:** This bill is a general government trailer bill associated with the 2017-18 budget package. Specifically, this bill:

- 1) Corrects a chaptering out issue resulting from two different budget trailer bills (AB 106/SB 90 and AB 119/SB 104) both amending Government Code Section 6253.2.
- 2) Authorizes the Department of General Services to partner with the Capitol Area Development Authority to construct a parking garage at R Street in Sacramento.

**COMMENT:** This general government trailer bill is part of the 2017-18 budget package.

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

SENATE THIRD READING

SB 107 (Committee on Budget and Fiscal Review)

As Amended June 14, 2017

Majority vote

**SUMMARY:** This is the Budget Bill Jr. for 2016-17 budget. This bill makes various changes to the 2016 Budget Bill. Specifically, **this bill:**

- 1) Amends Budget Bill items for the community colleges (6870-101-0001) and special education (6100-161-0001) to reflect adjustments related to updated 2016-17 property tax estimates adopted as part of the 2017-18 budget agreement. The adoption of increased property taxes offsets General Fund expenditures for these two items under the Proposition 98 minimum guarantee.
- 2) Adds provisional language related to funding for the Riverside County Transportation Efficiency Corridor (2660-110-0042) allowing funds to be provided directly to the project sponsor, or to the Riverside County Transportation Commission, pursuant to an agreement with the Department of Transportation, in an effort to streamline these projects. Also updates the reference in this section from Jurupa Avenue to Jurupa Road. This technical change is necessary to provide funding for the intended project.

**COMMENTS:** This bill makes necessary changes to the 2016 Budget Bill, including updating property tax estimates consistent with the 2017-18 budget agreement. This bill also makes changes to allow funds for the Riverside County Transportation Efficiency Corridor to be provided directly to the Riverside County Transportation Commission and makes a technical correction to the Jurupa Road Grade Separation project.

**Analysis Prepared by:** Katie Hardeman / BUDGET / (916) 319-2099

SENATE THIRD READING  
SB 108 (Committee on Budget and Fiscal Review)  
As Amended June 16, 2017  
Majority vote

**SUMMARY:** This bill amends the 2017 budget act to make mostly technical and conforming corrections to the budget act. Specifically, this bill:

- 1) Moves \$6 million General Fund for tree mortality program funding from the Office of Emergency Services to CalFIRE, reflection action taken in the 2017 budget conference committee.
- 2) Corrects the appropriation for the Department of Justice to conform with the budget agreement.
- 3) Clarifies that Board of Equalization members are authorized to retain their existing board staffing exempt from civil service for the budget year.
- 4) Makes conforming and technical changes to items relating to the regulation of cannabis in the Bureau of Cannabis Control, the Department of Consumer Affairs, the Department of Public Health, and the Department of Food and Agriculture.
- 5) Makes technical changes to provisional language related to Caltrans support funding and Grant Anticipation Revenue Vehicles (GARVEE).
- 6) Corrects the program designation for local assistance funded in the State Coastal Conservancy.
- 7) Appropriates \$100 million of Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) funding for the Los Angeles River, with \$49 million for the Santa Monica Mountains Conservancy, \$49 million for the San Gabriel and Lower Los Angeles River and Mountains Conservancy, and \$2 million for administrative costs.
- 8) Clarifies that the Air Resources Board must use the Air Quality Improvement Program funding plan process to solicit public input for the Zero/Near Zero Emissions Warehouse program.
- 9) Makes technical changes to provisional language relating to the clean water funding contained in the 2017 budget package.
- 10) Corrects the funding level for the In Home Supportive Services program in the Department of Social Services.
- 11) Adds provisional language allowing the transfer of funds to state operations for the Family Resource Approval Program if certain conditions are met and corrects the funding for Special Programs.
- 12) Updates federal funds appropriations for Department of Social Services at Child and adult licensing.

- 13) Corrects the reference to the Plata v. Brown case in the Department of Corrections and Rehabilitation budget item.
- 14) Corrects State Education Fund federal fund provisional language.
- 15) Specifies preschool expanded funding authorized in the budget.
- 16) Corrects provisional language for the Commission on Teacher Credentialing.
- 17) Corrects the funding level for Board Finance Assistance Program in the budget for California Community Colleges.
- 18) Adds provisional language to allow the Department of Finance to increase the appropriation up to \$10 million for the Franchise Tax Board for costs related to administering the Earned Income Tax Credit.
- 19) Corrects the appropriations level for the California Law Revision Commission.

**FISCAL EFFECT:** This funding in this bill assumed within the architecture of the 2017-18 budget package.

**COMMENT:** This bill provides conforming and technical clean up provision to the 2017 budget act.

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

SENATE THIRD READING

SB 110 (Committee on Budget and Fiscal Review)

As Amended June 15, 2017

Majority vote. Budget Bill Appropriation Takes Effect Immediately

**SUMMARY:** This is the budget trailer bill related to the California Clean Energy Jobs Act (Proposition 39). This bill makes various statutory changes to implement the 2017-18 budget. Specifically, **this bill:**

- 1) Allocates any unspent funds remaining in the Clean Energy Job Creation Fund (created through Proposition 39) as of March 1, 2018 to be appropriated for the following purposes:
  - a. The first \$75 million is provided to the Energy Commission, in consultation with the Air Resources Board, to allocate grants or loans for school districts and county offices of education for schoolbus replacement or retrofits. Requires priority to be given to school districts and county offices of education with the oldest school buses or schoolbuses operating in disadvantaged communities.
  - b. The next available \$100 million is provided to the State Energy Conservation Assistance Account for the Energy Commission, in consultation with the Department of Education, to provide low-interest and no-interest revolving loans for eligible energy efficiency projects. Requires priority to be given to local educational agencies (school districts, charter schools and county offices of education) based on the percentage of low-income students, energy savings, geographic diversity and diversity in the size of the local educational agencies.
  - c. Any remaining available funding is provided to the Energy Commission, in consultation with the Department of Education, to allocate competitive grants to local educational agencies for eligible energy efficiency projects. Requires the Energy Commission to make specified percentages of grants available for small, medium and large sized local educational agencies.
- 2) Establishes the Clean Energy Job Creation Program beginning in 2018-19 in order to create jobs and improve energy efficiency in schools. Specifically, this program:
  - a. Specifies that funding for this program is available pursuant to an appropriation in the annual Budget Act.
  - b. Allocates 11 percent of funding provided for this program to be available to community college districts for energy efficiency projects, to be distributed at the discretion of the Community College Chancellor.
  - c. Allocates 89 percent of funding provided for this program to the Energy Commission, in consultation with the Department of Education, to allocate competitive grants to local educational agencies for eligible energy efficiency projects. Requires the Energy Commission to make specified percentages of grants available for small, medium and large sized local educational agencies. Requires priority to be given to local educational agencies based on the

percentage of low-income students, geographic diversity, and the workforce needs of the area. Requires funding provided to local educational agencies to be encumbered within nine months of allocation.

- 3) Extends the date for local educational agencies to encumber funds received under the existing Proposition 39 program for clean energy projects by one year, until June 30, 2019.

**COMMENTS:** This bill is part of the 2017-18 budget package. The California Clean Energy Jobs Act (Proposition 39) passed by voters in 2012, required most multistate businesses to determine their California taxable income using a single sales factor method, in turn, increasing the state's corporate tax revenue. This measure established a new state fund, the Clean Energy Job Creation Fund, which is supported by half of the new revenue, to be used to support projects that will improve energy efficiency and expand the use of alternative energy in public buildings.

Of the funding deposited in the Clean Energy Job Creation Fund, 89 percent is provided to the Department of Education to allocate grants to school districts, charter schools, and county offices of education, based on their average daily attendance and the number of low-income students and 11 percent is provided to community college districts allocated by the Chancellor of the California Community Colleges. Additionally, funds were provided for loan programs and technical assistance, California Conservation Corps, and a competitive grant program for workforce development organizations. This program is scheduled to sunset June 30, 2018.

This bill would establish the Clean Energy Job Creation Program, beginning in 2018-19, in order to extend the grant program for schools and community colleges created through Proposition 39, with specified changes and subject to an appropriation in the annual Budget Act. Additionally, this bill would allocate unspent funds within the existing program for specified purposes aimed at improving energy efficiency in schools.

**Analysis Prepared by:** Katie Hardeman / BUDGET / (916) 319-2099

FN:

SENATE THIRD READING  
SB 111 (Committee on Budget and Fiscal Review)  
As Amended June 16, 2017  
Majority vote

**SUMMARY:** This is a trailer bill on Developmental Services issues, containing necessary changes related to the Budget Act of 2017. This bill makes statutory changes to implement the 2017-18 Budget. Specifically, this bill:

- 1) Effective January 1, 2018, removes the caps on in-home and out-of-home respite services that a regional center may purchase for a consumer. Current law caps the amount of respite services a regional center may purchase for a consumer to 21 days in a fiscal year for out-of-home respite, and 90 hours of in-home respite per quarter.
- 2) Appropriates \$100,000 from the Federal Trust Fund to the Department of Developmental Services for community respite services.
- 3) 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.

**COMMENT:** This bill corrects an error in AB 107, a trailer bill previously approved by the Legislature, by clarifying that the date on which the removal of the caps on respite services will become effective is January 1, 2018. This date aligns with the funding provided in the Budget Act for this purpose.

**Analysis Prepared by:** Nicole Vazquez / BUDGET / (916) 319-2099

SENATE THIRD READING  
SB 84 (Committee on Budget and Fiscal Review)  
As Amended June 13, 2017  
Majority vote

**SUMMARY:** This is a General Government trailer bill associated with the 2017-18 budget package. It authorizes a \$6 billion supplemental payment for state CalPERS pension from funds borrowed from the State Pooled Money Investment Account. Specifically, this bill:

- 1) Authorizes the transfer of up to \$6 billion from the Pooled Money Investment Account to the Public Employees' Retirement Fund during the 2017-18 fiscal year.
- 2) Specifies member categories for the transfer:
  - a. \$3.6 billion for state miscellaneous employee members;
  - b. \$100 million for state industrial employee members;
  - c. \$300 million for state safety members;
  - d. \$1.5 billion for state peace officer/firefighter members; and
  - e. \$500 million for patrol members.
- 3) Specifies that funds borrowed from the Pooled Money Investment Account shall be repaid with interest and requires the Department of Finance to develop a repayment schedule.
- 4) Provides the Department of Finance with the ability to direct the repayment of the loan amount from the applicable funds and accounts.
- 5) Requires that, by September 1, 2017, the Department of Finance report on the actuarial impact of the contributions made by this item and the economic risks and benefits associated with the loans provided by this bill.

**FISCAL EFFECT:** The Department of Finance expects the supplemental payment from this bill to reduce pension costs by \$11 billion over the next 20 years. It is expected that Proposition 2 debt repayment funds will be used to repay the load to the Pooled Money Investment Board.

**Comment:** This general government trailer bill is part of the 2017-18 budget package.

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

SENATE THIRD READING

SB 97 (Committee on Budget and Fiscal Review)

As Amended January 11, 2017

Majority vote

**SUMMARY:** This is the Omnibus Health Trailer Bill for 2017-18. It contains necessary changes related to the Budget Act of 2017. This bill makes various statutory changes to implement the 2017-18 budget. Specifically, this bill:

- 1) ***Medi-Cal Dental Benefits.*** Restores the remaining uncovered optional Medi-Cal dental benefits beginning January 1, 2018.
- 2) ***Medi-Cal Optometric Benefits.*** Restores the optometric and optician optional Medi-Cal benefits beginning January 1, 2020, contingent upon the Legislature including funding for these services in the state budget process.
- 3) ***Newly Qualified Immigrant Affordability and Benefit Program.*** Eliminates the Newly Qualified Immigrant (NQI) Affordability and Benefit Program, and authorizes the Department of Health Care Services (DHCS) to seek federal Minimum Essential Coverage designation for the existing, state-funded NQI health care coverage program.
- 4) ***Medi-Cal Diabetes Prevention Program (DPP).*** Makes the DPP, an evidence-based intervention covered by Medicare and certified by the Federal Centers for Disease Control and Prevention (CDC), a covered benefit under Medi-Cal Fee-for-Service and Managed Care. Specifically, this bill:
  - Requires that the DPP be an evidence-based lifestyle change program designed to prevent or delay the onset of type 2 diabetes among individuals with prediabetes;
  - Requires that the DPP be available no sooner than July 1, 2018;
  - Requires Medi-Cal managed care plans to make this benefit available to eligible beneficiaries;
  - Requires Medi-Cal providers offering these services to comply with guidelines issued by the CDC and obtain CDC recognition;
  - Establishes eligibility criteria based on age, body mass index, the results of a hemoglobin A1c test, fasting plasma glucose tests and previous diagnoses of diabetes; and
  - Requires that DPP services be provided by peer coaches.
- 5) ***Parkinson's Disease Program.*** Establishes the Richard Paul Hemann Parkinson's Disease Program to require the Department of Public Health (DPH) to collect incidence and prevalence data on Parkinson's disease. Requires DPH to designate the disease as one required to be reported in any part of the state, and requires that all cases of Parkinson's disease diagnosed or treated in California be reported to DPH. Requires that this data be available for purposes of scientific research.

- 6) ***Medically-Tailored Meals Pilot Program.*** Establishes a pilot program within Medi-Cal to provide medically-tailored meal intervention services for individuals with one or more of the following health conditions: congestive heart failure, cancer, diabetes, chronic obstructive pulmonary disease, or renal disease. Specifies that the intervention includes up to 21 meals per week for 12 to 24 weeks. Requires that the pilot program operate in the following counties: Alameda, Los Angeles, Marin, San Diego, San Francisco, San Mateo, Santa Clara, and Sonoma. Requires DHCS to evaluate the pilot program to determine its impact on hospital readmissions, decreased admissions to long-term care facilities, and emergency room utilization. Requires DHCS to report to the Legislature on the evaluation by January 1, 2021 or within 12 months of the end of the pilot program.
- 7) ***Medi-Cal Managed Care Ombudsman Call Center Data Collection.*** Requires the Medi-Cal Managed Care Ombudsman Call Center to collect data on callers and calls received and requires DHCS to include this information in a quarterly report.
- 8) ***Community Clinic Lifeline Grant Program.*** Establishes the Community Clinic Lifeline Grant Program within the California Health Facilities Financing Authority (CHFFA) for small and rural health clinics suffering financial losses, and appropriates \$20 million from the Health Expansion Loan Program (HELP II) fund one-time for this purpose. Makes findings and declarations regarding the value of community health clinics and the goals for this grant program. Requires CHFFA to develop selection criteria and a process for awarding the grants, which may not exceed \$250,000 each.
- 9) ***Coordinated Care Initiative Reauthorization.*** Reauthorizes and continues key components of the Coordinated Care Initiative, including the duals demonstration project (Cal MediConnect), mandatory managed care for duals, and long-term services and supports as managed care benefits. Specifically, this bill:
  - Repeals the requirement that the state develop a Universal Assessment Tool to be used by multiple long-term services and support programs;
  - Requires DHCS to notify a dual-eligible who is mandated to enroll in managed care that he or she may request to be assessed for eligibility for the Program of All Inclusive Care for the Elderly (PACE), and if eligible, may enroll in a PACE plan;
  - Prohibits DHCS from enrolling a dual eligible, who requests a PACE assessment, into a managed care plan until the earlier of 60 days or the time that he or she is assessed and determined to be ineligible for PACE, unless the beneficiary subsequently chooses to enroll in a managed care plan;
  - Codifies efforts currently underway at the Department of Aging and DHCS to create standards of care for consumers of the Multipurpose Senior Services Program (MSSP), to aid in ensuring that the model for delivery of services remains intact as MSSP transitions to managed care in the Cal MediConnect counties; and
  - Shifts some functions from the Department of Managed Health Care (DMHC) to DHCS.
- 10) ***Medi-Cal Reimbursements for Marriage and Family Therapists.*** Delays implementation of AB 1863 (Wood, Chapter 610, Statutes of 2016) – which authorizes Medi-Cal

reimbursements for marriage and family therapists at Federally Qualified Health Centers – to no later than July 1, 2018.

- 11) ***Medi-Cal Third Party Liability Program***. Clarifies: 1) the formula that defines the state’s portion of litigation costs; and 2) the DHCS Director’s right to recover when there are multiple settlements.
- 12) ***Medi-Cal Third Party Recovery Contracting Authority***. Updates the third party recovery program for worker’s compensation and personal injury cases, including:
  - Eliminating mandated outsourcing of Workers’ Compensation recovery;
  - Removing unnecessary regional contracts;
  - Ensuring the contractor is operating consistently with DHCS policies; and
  - Streamlining the administrative process.
- 13) ***Major Risk Medical Insurance Fund (MRMIF)***. Abolishes the Major Risk Medical Insurance Fund and transfers the fund balance, and ongoing Managed Care Administrative Fines and Penalties Fund revenue, to the newly established Health Care Services Plans Fines and Penalties Fund, which may be used to fund expenditures in the Major Risk Medical Insurance Program (MRMIP) and in the Medi-Cal program (after all MRMIP costs have been covered first).
- 14) ***Graduate Medical Education in Public Hospitals***. Implements a Graduate Medical Education program that would reimburse (federal funds) designated public hospitals for the costs of training health care providers.
- 15) ***Medi-Cal Pharmacy Reimbursements***. Codifies the new drug ingredient reimbursement methodology and dispensing fees based on a study of outpatient pharmacy provider costs in purchasing and dispensing outpatient prescription drugs to Medi-Cal beneficiaries, consistent with federal law and guidance.
- 16) ***Nursing Facility Acute Hospital Waiver***. Codifies key components of this renewed waiver, including:
  - Intends to maximize independent living allowing frail and vulnerable Medi-Cal members the opportunity to remain in their own homes and/or community or transition out of an institution into their own home and/or community;
  - Offers participants with an institutional alternative choice;
  - Provides participants with flexibility to self-direct some benefits;
  - Allows for a local qualified non-state entity to perform comprehensive care management and care coordination ;
  - Increases slots to reduce the existing waitlist;

- Shifts to an aggregate cost limit to allow the services that will be authorized to a participant to be determined based on assessed medical care needs and not individual cost limits;
  - Allows for a seamless transition of all In-Home Operations waiver participants to the NF/AH waiver; and
  - Provides that home settings, including Congregate Living Health Facilities (CLHFs) and Intermediate Care Facilities, for the Developmentally Disabled-Continuous Nursing Care (ICF/DD-CNCs) meet new Federal regulations or are transitioned to the State Plan as long-term care providers.
- 17) ***San Francisco Community-Living Support Benefit Waiver***. Sunsets this waiver and assists the waiver beneficiaries transition into the Medi-Cal Assisted Living Waiver in order to receive the same or similar services.
- 18) ***HIV Data Sharing***. Expands authority for DPH to share HIV health information to improve linkages to, and retention in, HIV medical care and treatment.
- 19) ***Public Health Emergency Preparedness***. Modernizes the Public Health Emergency Preparedness program and updates statutory language and allocations of federal funds to local jurisdictions.
- 20) ***Pre-Exposure Prophylaxis (PrEP) Program***. Clarifies that the PrEP program will cover uninsured clients and will operate outside of the AIDS Drug Assistance Program.
- 21) ***Consumer Participation Program***. Extends the sunset for six years, from January 1, 2018 until January 1, 2024, on the Consumer Participation Program that awards advocacy and witness fees to consumer advocates who represent consumer interests in regulatory proceedings at DMHC.
- 22) ***Robert F. Kennedy Medical Plan***. Extends the sunset on SB 145 (Pan, Chapter 712, Statutes of 2015) from January 1, 2021 to January 1, 2026 to assist the Robert F. Kennedy Medical Plan to build sufficient reserves so that it will no longer be dependent on state funding.
- 23) ***Alternative Birth Centers Rate-Setting Methodology***. Establishes a new Medi-Cal reimbursement rate-setting methodology, using 80 percent of the Diagnosis Related Group Level-1 rates, for Alternative Birth Centers.
- 24) ***Disproportionate Share Hospital Claims***. Implements federal policy affecting the distribution of federal matching funds for uncompensated costs in hospitals.
- 25) ***Federal Cures Act Opioid Targeted Response Grant***. Exempts DHCS from competitive bidding requirements in order to provide increased medication-assisted treatment for individuals with substance use disorders per this federal grant.
- 26) ***Medi-Cal Eligibility Established by CalWORKs Eligibility***. Authorizes DHCS to request federal approval to use the determination of eligibility for the CalWORKs program as a determination of eligibility for the Medi-Cal program.

- 27) ***Every Woman Counts Budget***. Converts the Every Woman Counts budget from accrual to cash to be consistent with all of the other program budgets at DHCS.
- 28) ***Medi-Cal County Eligibility Administration***. Suspends the annual COLA for counties for the costs of Medi-Cal eligibility administration for 2017-18.
- 29) ***California Medicaid Management Information System (CA-MMIS)***. Repeals obsolete 2010 uncodified budget trailer bill that required project updates and reporting on the prior CA-MMIS project that has since ended.
- 30) ***Nurse Patient Staffing Ratios***. Increases mandated nurse patient staffing ratios in skilled nursing facilities from a minimum of 3.2 to 3.5 direct care service hours per patient day. Also requires:
- Skilled nursing facilities to have a minimum of 2.4 hour per patient day for certified nurse assistants;
  - DPH to continue to use the current method of counting hours until new regulations are finalized;
  - Requires DPH to adopt emergency regulations to implement these provisions and to consult with stakeholder prior to issuing regulations;
  - Makes this increase in minimum in direct care service hours per day contingent on reauthorization of the Skilled Nursing Home Quality Assurance Fee in future years;
  - Requires DPH to evaluate the impact of these changes on patient quality of care and on the workforce available to meet these requirements;
  - Establishes a waiver of the minimum requirements for facilities to address a shortage of available and appropriate health care professionals and requires the waivers to be reviewed annually and either renewed or revoked; and
  - Requires that facilities continue to qualify for Quality Assurance Fee supplemental payments as long as they meet the current required minimum direct care service hours in law prior to the adoption of these provisions.

**COMMENT:** This bill is a budget trailer bill within the overall 2017-18 budget package to implement actions taken affecting the Departments of Health Care Services, Managed Health Care, Public Health, and the California Health Facilities Financing Authority.

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

SENATE THIRD READING  
SB 98 (Committee on Budget and Fiscal Review)  
As Amended January 12, 2017  
Majority vote

**SUMMARY:** This is a Trailer Bill for the 2017-18 budget. It contains necessary changes related to the Budget Act of 2017. This bill makes various statutory changes to implement the 2017-18 budget. Specifically, this bill:

1) ***Mental Health Services Act (MHSA) Fiscal Reversions.*** Clarifies and defines the reversion process for MHSA funds that have been unspent for over three years by counties. Specifically, this bill:

- Deems all unspent funds subject to reversion as of July 1, 2017, to have been reverted to the Mental Health Services Fund and reallocated to the county of origin for the purposes for which they were originally allocated;
- Requires the Department of Health Care Services (DHCS), on or before July 1, 2018, in consultation with counties and other stakeholders, to prepare and submit a report to the Legislature identifying the amounts that were subject to reversion prior to July 1, 2017, including to which purposes the unspent funds were allocated;
- Requires DHCS to provide to counties the amounts it has determined are subject to reversion, and provide a process for counties to appeal this determination;
- Requires counties with unspent funds subject to reversion, that are deemed reverted and reallocated, to prepare and submit a plan (by July 1, 2018) to expend these funds on or before July 1, 2020;
- Restarts the three-year clock on expenditure of Innovation funds when a county's Innovation Plan has received approval by the Mental Health Services Oversight and Accountability Commission (Commission);
- Authorizes small counties, with a population of less than 200,000, to expend MHSA funds for up to five years before unspent funds will be reverted to the state;
- Requires DHCS, in consultation with the Commission and the County Behavioral Health Directors Association of California, to develop and administer instructions for the Annual MHSA Revenue and Expenditure Report. Requires that the instructions include a requirement that the county certify the accuracy of this report. Requires counties to submit the report electronically to DHCS and to the Commission. Requires DHCS and the Commission to annually post each county's report on its website in a timely manner. Requires the department, in consultation with the commission and the County Behavioral Health Directors Association of California, to revise these instructions by July 1, 2017, and as needed thereafter, to improve the timely and accurate submission of county revenue and expenditure data. Specifies the purpose of the Report;

- Requires DHCS, by October 1, 2018, and by October 1 of each subsequent year, in consultation with counties, to publish on its Internet Web site a report detailing funds subject to reversion by county and by originally allocated purpose; and
  - Requires that, on or after July 1, 2017, funds subject to reversion be reallocated to other counties for the purposes for which the unspent funds were initially allocated to the original county.
- 2) ***California Health Benefits Review Program (CHBRP) Sunset.*** Extends the sunset date of the CHBRP for three years. The program, based at the University of California, provides the Legislature with cost analyses of pending health care legislation. The program is supported by a fee on health plans.
- 3) ***Umbilical Cord Blood Collection Program Sunset.*** Extends the sunset date of the Umbilical Cord Blood Collection Program until January 1, 2023. Requires the University of California, which administers the program, to provide a report to the Legislature one year before the sunset date that provides information on the program.

COMMENT: This bill is a budget trailer bill within the overall 2017-18 budget package to implement actions taken affecting the Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, and the University of California.

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

SENATE THIRD READING

SB 102 (Committee on Budget and Fiscal Review)

As Introduced January 11, 2017

Majority vote

**SUMMARY:** This is the bottle bill trailer bill for 2017-18. It contains necessary changes related to the Budget Act of 2017. This bill makes various statutory changes to implement the 2017-18 budget. Specifically, **this bill:**

1. Redefines “convenience zone” to mean the area within a one-mile radius of a supermarket or the area designated by CalRecycle.
2. Extends the sunset date of the plastic market development program till January 1, 2019.
3. Narrows the scope of grocer obligation by limiting in-store take-back to 24 containers and only requiring take-back from dealers with sales \$2 million or more.
4. Adjusts the processing payments & handling fees to reflect the 2015 cost of recycling with a cost-of-living adjustment. This provision is repealed on January 1, 2020.
5. Suspends any surveys and calculations of recycling costs until January 1, 2019.
6. Redirects any contract funds already approved for cost surveys and calculations to siting redemption locations in unserved zones. This provision is repealed on January 1, 2020.
7. Makes handling fees available to any entity willing to establish a certified recycling location within a currently unserved zone that operates a minimum of 30 hours per week at the same physical location.
8. Authorizes CalRecycle to provide up to \$3 million in supplemental handling fees in rural/underserved areas to bring back recycling centers. This provision is repealed on July 1, 2020.
9. Adds authority for the Department of General Services to enter into one or more leases, as lessor or lessee, and other related agreements with the Capitol Area Development Authority (CADA), under which CADA will be responsible for developing a parking structure and retail spacer that is located on specified property located in the City of Sacramento.
10. Authorizes CADA to enter into a financing arrangement for the development, design, and construction of the R Street Parking structure project through the California Infrastructure and Economic Development Bank.
11. Authorizes the department to charge state employees and the general public for the use of the structure and require that all funds be deposited into the Motor Vehicle Parking Facilities Money Account.

**COMMENTS:** More than 560 recycling centers have closed in the last 18 months due to a combination of plummeting worldwide commodities prices and an 11 percent reduction in state payments. As a result, consumers are losing access to redemption centers. Recycling rates have fallen below 80 percent for the first time since 2008. During the last six months of 2016, 1.6 million more containers per day were landfilled compared to the same period in 2015.

This bill seeks to provide an interim solution to the recycling problem by supporting the recycling infrastructure and preserving consumer access until we find a comprehensive fix to the Beverage Container Recycling Program.

**Analysis Prepared by:** Susan Chan / BUDGET / (916) 319-2099

SENATE THIRD READING  
SB 106 (Committee on Budget and Fiscal Review)  
As Amended June 13, 2017  
Majority vote

**SUMMARY:** Enacts statutory changes related to general government necessary to implement the 2017-18 Budget Act. Specifically, **this bill:**

- 1) Expands the California Earned Income Tax Credit (EITC) to cover the self-employed and incomes up to about \$22,000, annually.
- 2) Expands the scope of the supervised population served by the program to include persons who are on parole and persons who are supervised by, or under the jurisdiction of, the Department of Corrections and Rehabilitation.
- 3) Requires the board to be responsible for setting the policy of the grant program and to design the grant program application process to ensure, among other things, that grants are allocated equitably among the grant partners based on services and activities provided in support of the success of participants and that nonprofit community-based organizations are competitive in applying for funds as the lead applicant.
- 4) Clarifies intent language to ensure that funds allocated to the state from the federal State Community Development Block Grant Program, and administered by the Department of Housing and Community Development (HCD), be prioritized for the most effective activities in order to provide maximum benefit in meeting the housing and economic development needs of persons and families of low or moderate income.
- 5) Provides HCD with the authority to establish guidelines to implement the CDBG program and this process should be done in conjunction with stakeholder outreach related to these guidelines.
- 6) Requires the approval of the Department of Finance and subject to the notification of the Joint Legislature Budget Committee, after the adoption of any guidelines by HCD.
- 7) Requires that there are no changes to the existing program until after guidelines and have underwent the approval process.

**COMMENT:** This general government trailer bill contains provisions agreed upon as part of the 2017 Budget Act. It is the intent of the Legislature that HCD work in direct connection with the grantees of the state issued CDBG funds in order to ensure that any changes to the guidelines include stakeholder expertise.

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