



COMMITTEE ON BUDGET & FISCAL REVIEW
Room 5019, State Capitol
Sacramento, CA 95814

SENATOR MARK LENO, CHAIR

**UPDATE TO THE
FINAL ACTION REPORT**

October 1, 2014

The purpose of this report is to provide an update to our Final Action Report, which was published on July 31, 2014. The Final Action Report summarizes the actions taken by the Legislature and Governor in the 2014 Budget Act and related trailer bills. This update summarizes the budget-related actions taken by the Legislature and Governor after July 31, 2014 and to date.

If you have additional questions, please contact the committee at (916) 651-4103.

CONTENTS

Update to the Budget Act	Page
Executive Summary	3
 Update to Budget Detail by Subcommittee	
<i>Subcommittee No. 1:</i> K-12 Education	4
Higher Education.....	5
<i>Subcommittee No. 2:</i> Natural Resources, Environmental Protection, Energy and Utilities.....	7
Transportation	9
<i>Subcommittee No. 3:</i> Health	10
Human Services.....	11
<i>Subcommittee No. 4:</i> State Administration and General Government	12
<i>Subcommittee No. 5:</i> Corrections and Rehabilitation.....	13
Labor and Public Employment and Retirement	14
 Complete List of 2014-15 Budget and Trailer Bills	 15

Executive Summary

On June 15, 2014, the Legislature completed its work on the budget and approved SB 852 (Chapter 25, Statutes of 2014), the 2014 Budget Act. SB 852 was signed by the Governor on June 20, 2014, thus fulfilling the requirements of the California Constitution. The details of the 2014 Budget Act, and the budget trailer bills necessary for its implementation, are detailed in the Final Action Report of the Senate Committee on Budget and Fiscal Review, issued on July 31, 2014.

Since the 2014 Budget Act was adopted and signed in June, there have been various policies adopted related to human services, transportation, resources, public safety and education that the Legislature addressed as part of the budget process. In addition, as in any year, the 2013 Budget Act and certain trailer bill legislation have benefited from subsequent legislative action to add clarifications and, in some cases, to make various amendments. This Final Action Report Update provides a record of these various pieces of budget-related legislation adopted subsequent to June.

As part of this post-June process, the Legislature approved, and the Governor signed, AB 1476 (Committee on Budget), which amended the main budget in SB 852, to become a component of the 2014 Budget Act, colloquially referred to as Budget Bill Junior. This subsequent legislation provides various clarifications, additions, and technical corrections to the main budget bill for certain departments and programs.

Subcommittee No. 1 on Education

Update to K-12 Education

6110 Early Childhood Care & Education

- Clarified that the regional market rate, which is used to reimburse child care providers who accept vouchers, is set at the 85th percentile of the 2009 Regional Market Rate Survey, as reduced by a deficit factor of 10.11 percent. This change aligned the deficit factor to the amount of funding appropriated in SB 852 (Budget and Fiscal Review Committee), Chapter 25, Statutes of 2014.
- Clarified that the increase to maximum reserve fund balances established by SB 858 (Budget and Fiscal Review Committee), Chapter 32, Statutes of 2014, applies only to agencies contracting with the Department of Education (CDE) under the California state preschool program. Further, specified that the additional 10 percent that these agencies may separately retain for use on professional development is part of an overall 15 percent reserve.
- Specified that funds provided through the Child Care Facilities Revolving Fund for specified renovation, repair, or improvement of existing buildings are to be provided as loans, and that those loans must be repaid within 10 years.
- Specified that \$15 million of the funding provided in SB 852 shall be allocated to the CDE to fund professional development stipends for teachers, to be administered by local planning councils. Further, established priorities for the use of those funds, including first priority for transitional kindergarten (TK) teachers and second priority for teachers in the California state preschool program.
- Clarified that additional education or experience requirements for TK teachers, which were added by SB 858, apply to credentialed teachers. (Existing law regarding credential requirements that apply to TK teachers was not changed.)

Update to Higher Education

6440 University of California

- Provided \$50 million GF for one-time purposes, including deferred maintenance, and expressed Legislature intent that, if the economy continues to recover and GF revenues exceed projections, this augmentation shall become on-going. *The Governor vetoed this augmentation.*
- Approved trailer bill language specifying that, if the University of California (UC) plans to use any of its support appropriation in the annual budget act for capital expenditures or capital outlay projects, it must submit a report describing the projects, by September 1 of each year, to the committees in each house of the Legislature that consider the state budget, the appropriate budget subcommittees, and the Department of Finance (DOF). Further, specifies that the DOF must review the report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the state budget and the appropriate budget subcommittees for review and response. Currently, these UC capital expenditures and capital outlay projects are reported to the Joint Legislative Budget Committee. These changes conform to the process for California State University (CSU) capital projects and expenditures, which was established in the Higher Education Omnibus Trailer Bill, SB 860 (Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2014.
- Approved trailer bill language that allows the UC to provide public notice of construction projects to bidders electronically on the website of the university. This change is consistent with authority granted to the CSU in SB 860.
- Approved trailer bill language that expresses the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review specific UC performance measures in a collaborative process that includes the DOF, the Legislative Analyst's Office, individuals with expertise in statewide accountability efforts, the UC, the CSU, and, for the purposes of data integrity and consistency, the California Community Colleges (CCC) and consider any recommendations for modification and refinement. Further, expresses the intent of the Legislature that any modification or refinement of the performance measures be guided by the legislative intent included in Section 66010.93 of the Education Code.
- Approved trailer bill language that clarifies goal-setting requirements of sustainability plans that must be developed by the UC.

6610 California State University

- Provided \$50 million GF for one-time purposes, including deferred maintenance, and expressed Legislature intent that, if the economy continues to recover and GF revenues

exceed projections, this augmentation shall become on-going. *The Governor vetoed this augmentation.*

- Approved trailer bill language that expresses the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review specific CSU performance measures in a collaborative process that includes the DOF, the Legislative Analyst's Office, individuals with expertise in statewide accountability efforts, the UC, the CSU, and, for the purposes of data integrity and consistency, the CCCs and consider any recommendations for modification and refinement. Further, expresses the intent of the Legislature that any modification or refinement of the performance measures be guided by the legislative intent included in Section 66010.93 of the Education Code.
- Approved trailer bill language that clarifies goal-setting requirements of sustainability plans that must be developed by the CSU. In addition, specifies that the CSU is to submit the plan to the Governor and the Legislature by November 30, 2014. This requirement was inadvertently omitted from SB 852.

6870 California Community Colleges

- Approved trailer bill language specifying that goal frameworks developed by community colleges and the board of governors for the CCC must be guided by the statewide goals outlined in Section 66010.91 of the Education Code. Further, expresses the intent of the Legislature that the goals be challenging and quantifiable, address achievement gaps for underrepresented populations, and align the educational attainment of California's adult population to the workforce and economic needs of the state.
- Clarified revision to provisional language by specifying that \$70 million is to be allocated by the CCC pursuant to Student Equity Plans.
- Deleted, from provisional language, a dollar-for-dollar district match requirement for CCC architectural barrier removal. The budget act attempted to remove all matching requirements from the physical plant and instructional equipment categorical grant. This matching requirement was inadvertently left in SB 852.
- Reduced the amount of CCC Disabled Student Program funding earmarked, in provisional language, for education at state developmental centers from \$1.7 million to \$1 million. The number of centers that are funded through this program had previously been reduced from three to two. This action does not reduce the total amount of funding for the Disabled Student Program.

K-12 and Higher Education Budget Trailer Bill

1. *Education Finance: SB 876 (Budget & Fiscal Review Committee), Chapter 687, Statutes of 2014.*

*Subcommittee No. 2 on Resources, Environmental Protection,
Energy and Transportation*

Update to Resources, Environmental Protection and Energy

0540 Secretary for Natural Resources

- Appropriated \$540,000 to the Natural Resources Agency, that was inadvertently omitted from the budget act, for the purpose of implementing elements of the scoping plan adopted by the State Air Resources Board.

0555 Secretary for Environmental Protection

- Clarified funding for environmental justice grants, appropriated to the Secretary for Environmental Protection, is contingent upon revenues received.

3360 California Energy Commission (CEC)

- Provided a subaccount for greenhouse gas emission funding through the State Energy Conservation Assistance Account for purposes of tracking and provide that the loans within this program may be used by state agencies, including the University of California and California State University.

3790 Department of Parks and Recreation (DPR)

- Authorized the Department of Parks and Recreation to enter into a restoration agreement with the Stanford Mansion Foundation, a nonprofit organization, for the purpose of repairing and restoring the front stairs of the Leland Stanford Mansion State Historic Park.

3940 State Water Resources Control Board (SWRCB)

- Corrected various technical statutory references related to the drinking water program and provided appropriate liquidation periods as intended by the budget actions.
- Clarified that specified water and wastewater projects are eligible to receive funding from the State Water Pollution Control Revolving Fund.
- Clarified that funds appropriated for marijuana enforcement, from the waste discharge permit fund, are subject to separate accounting.
- Included an appropriation for \$500,000 for Salinas Valley groundwater management that was inadvertently omitted from the budget bill.

8660 California Public Utilities Commission (CPUC)

- Made technical changes to the Self-Generation Incentive Program at the California Public Utilities Commission including allowing eligible technologies to shift that load demand rather than offset peak electricity demand. Also requires that eligible technologies reduce electricity demand.
- Made technical changes to the renewable portfolio standard (RPS) related to water supply conveyance systems. Specifically, clarified statute by (1) maintaining the ability of entities with RPS obligations to qualify their small hydroelectric facilities for RPS credit; (2) limiting the ability of those entities' use of RPS credits to that entity's own RPS compliance; and (3) Instituting other, non-substantive changes.
- Clarified the appropriation related to intervenor compensation and allows for the appropriation of funding to Avondale Glen Elder Neighborhood Association.

Resources, Environmental Protection and Energy Budget Trailer Bill

1. *Resources: AB 1478 (Committee on Budget), Chapter 664, Statutes of 2014.*

Update to Transportation

2660 Department of Transportation

- Made a technical change to increase the appropriation for the intercity passenger rail service operated by Amtrak to reflect the previously approved \$10.4 million increase in operating expenses.
- Made technical changes to a provision in the 2014 budget transportation trailer bill SB 853 (Budget and Fiscal Review Committee), Chapter 27, Statutes of 2014, that allows Fresno County to delay making required maintenance-of-effort payments for transportation obligations for an additional five years before the County must expend \$5.5 million on local transportation projects to match State funds that have already been expended.

Transportation Budget – Related Bill

1. *AB 2731 (Perea), Chapter 743, Statutes of 2014.*

*Subcommittee No. 3 on
Health and Human Services*

Update to Health

The Legislature did not make any changes to the Health area of the budget in the final month of session.

Update to Human Services

5180 Department of Social Services

- Clarified that unreimbursed costs to the Department of Social Services (DSS) for temporary management/receivership is grounds for monetary judgment in civil court and is a subsequent lien upon a facility's assets.
- Clarified eligibility criteria for relative caregiver funding.
- Included fiscal year 2014-15 in which exceptions to the group home moratorium may apply.
- Clarified that the first \$50 of child support payments received each month, including income that is regularly anticipated, must be disregarded as income and must not be deducted from the amount of aid for which the recipient would otherwise be eligible.
- Required that all prospective In-Home Supportive Services (IHSS) providers attend a provider orientation in person. Required any oral presentation and written materials presented at the orientation to be translated into all IHSS threshold languages in the county. Authorizes the recognized employee organization in the county to make a presentation of up to 30 minutes at the orientation.
- Required DSS, subject to available funding in the budget act, to contract with non-profit legal services organizations to provide legal services to unaccompanied undocumented minors who are cared for by the federal Office of Refugee Resettlement, and who are present in the state and residing with a family member/other sponsor.
- Established eligibility requirements for awarding contracts to legal counsel of unaccompanied undocumented minors.
- Clarified court proceedings for juveniles with special immigrant juvenile status (SIJS); and, clarifies that a superior court has the jurisdiction to make judicial determinations for the custody and care of a juvenile with SIJS.

Human Services Budget Trailer Bills

1. *Human Services: SB 873 (Budget and Fiscal Review Committee), Chapter 685, Statutes of 2014.*
2. *In-home supportive services: onsite provider orientation: SB 878 (Budget and Fiscal Review Committee), Chapter 689, Statutes of 2014.*

*Subcommittee No. 4 on
State Administration and General Government*

Update to State Administration and General Government

2240 Department of Housing and Community Development

- Re-codified a section of SB 104 (Budget and Fiscal Review Committee) Chapter 3, Statutes of 2014, which provided the Department of Housing and Community Development with up to \$10 million for drought-related purposes. The state Local Government trailer bill, SB 854 (Budget and Fiscal Review Committee) Chapter 28, Statutes of 2014, had inadvertently deleted this provision.

Control Section 11.00

- Clarified that it is the responsibility of the department implementing an information technology project, rather than the Department of Technology, to create a plan to address risks and issues related to implementing an information technology project.

Budget Trailer Bills

1. *Resources: AB 1478 (Committee on Budget), Chapter 664, Statutes of 2014.*
2. *Budget Bill Junior: AB 1476 (Committee on Budget), Chapter 663, Statutes of 2014.*

*Subcommittee No. 5 on
Labor, Corrections, Public Safety, and the Judiciary*

Update to Corrections and Rehabilitation

5225 Department of Corrections and Rehabilitation

- Clarified that the Board of Parole Hearings may send notifications to victims and the courts through the United States mail.

5227 Board of State and Community Corrections

- Shifted a \$5 million appropriation contained in the budget for social innovation financing from the Office of Planning and Research to the Board of State and Community Corrections (BSCC).

Public Safety Trailer Bills

1. *SB 875 (Budget and Fiscal Review Committee), Chapter 686, Statutes of 2014.*
2. *SB 877 (Budget and Fiscal Review Committee), Chapter 688, Statutes of 2014.*

Update to Labor and Public Employment and Retirement

7100 Employment Development Department (EDD)

- Approved \$10 million from the Employment Training Fund for the Employment Training Panel to address an increase in workforce training requests.

9800 Augmentation for Employee Compensation

- Approved \$878,000 (\$441,000 GF) to update vision costs that were mistakenly omitted from SB 852 (Leno), Chapter 25, Statutes of 2014.
- Approved \$28.3 million (\$11.9 million GF) and provided legislative ratification of provisions of Memoranda of Understandings entered into between the state and Bargaining Unit (BU) 2, the California Attorneys, Administrative Law Judges, and Hearing Officers in State Employment, on August 14, 2014; BU 10, the California Association of Professional Scientists, on August 12, 2014; BU 13, the International Union of Operating Engineers, Stationary Engineers, on August 21, 2014; and, an addenda to a MOU entered into by BU 8, the California Department of Forestry Firefighters, on August 26, 2014.

Labor and Public Employment and Retirement Budget Trailer Bills.

1. *State Employees: Memoranda of Understanding: SB 879 (Budget and Fiscal Review) Chapter 690; Statutes of 2014.*

Complete List of 2014-15 BUDGET and TRAILER BILLS

Bill Number	Chapter Number	Topic	Senate Vote	Assembly Vote
SB 852	Ch. 25	2014 Budget Bill (Leno)	25-11	55-24
AB 1476	Ch. 663	2014 Budget Bill (Budget Bill Junior)	25-9	59-16
SB 853	Ch. 27	Transportation	27-10	55-23
SB 854	Ch. 28	State and Local Government	31-6	55-23
SB 855	Ch. 29	Human Services	29-8	61-10
SB 856	Ch. 30	Developmental Services	36-0	78-0
SB 857	Ch. 31	Health	26-11	55-24
SB 858	Ch. 32	Education	26-11	55-23
SB 859	Ch. 33	Education: Local Control Funding Formula	35-2	78-0
SB 860	Ch. 34	Higher Education	37-0	65-8
SB 861	Ch. 35	Resources	24-12	55-23
SB 862	Ch. 36	Cap and Trade	22-12	53-26
SB 863	Ch. 37	Correctional Facilities: Construction	32-2	78-0
SB 865	Ch. 38	Budget Act of 2013: Augmentation	29-8	68-8
SB 869	Ch. 39	School Facilities: Construction	37-0	79-0
SB 870	Ch. 40	Health	26-11	55-24
SB 871	Ch. 41	Property Taxes: New Construction Exclusion: Active Solar Energy Systems	28-8	48-20
SB 873	Ch. 685	Human Services	27-8	56-21
SB 875	Ch. 686	Public Safety	27-8	56-22
SB 876	Ch. 687	Education	35-0	73-3
SB 877	Ch. 688	Correctional Facilities	34-0	77-0
SB 878	Ch. 689	In-Home Supportive Services	24-10	56-22
SB 879	Ch. 690	State Employees	35-0	60-12
AB 1468	Ch. 26	Public Safety	24-11	54-23
AB 1469	Ch. 47	State Teachers' Retirement System	37-0	76-1
AB 1478	Ch. 664	Resources	23-12	53-21
<u>Other budget-related bills</u>				
AB 2731	Ch. 743	County of Fresno: maintenance of effort: streets and roads allocations	34-0	76-0