



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

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**UPDATE TO THE  
FINAL ACTION REPORT**

October 15, 2015

The purpose of this report is to provide an update to the Final Action Report, which was published on August 17, 2015. The Final Action Report summarizes the actions taken by the Legislature and Governor in the 2015 Budget Act and related trailer bills. This update summarizes the budget-related actions taken by the Legislature and Governor after June 30, 2015 through September 11, 2015.

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

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### Summary

On June 19, 2015, the Legislature completed its work on the budget and approved AB 93 (Chapter 10, Statutes of 2015), and SB 97 (Chapter 11, Statutes of 2015), the 2015 Budget Act. AB 93 and SB 97 were approved and signed by the Governor on June 24, 2015, thus fulfilling the requirements of the California Constitution. The details of the 2015 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 August 17, 2015.

Since the 2015 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 2015 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 Update to the Final Action Report provides a record of the 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 126 (Committee on Budget), which amended the budget approved in AB 93 and SB 97, to become a component of the 2015 Budget Act. This subsequent legislation provides various clarifications, additions, and technical corrections to the main budget bills for certain departments and programs.

## *Subcommittee No. 1 on Education*

### **Update to Pre K-12 Education**

#### **6100 Early Childhood Care Education & K-12 Education**

- Additional legislation makes permanent the San Mateo County child care subsidy plan, which allows child care providers to have additional flexibility in child care contracts.
- Revised language clarifies the distribution methodology for \$490 million in one-time Educator Effectiveness funds to specify that an equal amount is provided per full-time equivalent certificated staff.
- The budget adjusts \$50.8 million federal Child Care and Development funds in the General Child Care program with an equal amount of General Fund from the Alternative Payment Program and CalWORKs Stage 3 child care. This will restore the existing split of federal and General Child Care funding, and eliminates the trigger of additional local federal audit requirements if funding ratios were not adjusted.
- Revised language adds provisions that specify that the allocation methodology for an augmentation of \$2.0 million in special education funding shall be based on the federal Individuals with Disabilities Education Act (IDEA) formula.

### **Update to Higher Education**

#### **6440 University of California**

#### **6610 California State University**

#### **6980 California Student Aid Commission**

- Additional legislation identifies the Office of Planning and Research (OPR) as the entity required to conduct a \$1 million study that will evaluate eligibility/admissions policies for the University of California (UC) and California State University (CSU).
- The revised budget specifies timing changes for reports for the CSU Doctor of Nursing Practice degree pilot program and the CSU Early Start Program Report.
- The revised budget requires the California Student Aid Commission, beginning in the 2016-17 academic year, to annually adjust the income eligibility levels for the Middle Class Scholarship by the percentage change in the cost-of-living, and accordingly adjust the minimum award amount as specified in existing law.

***Pre K-12 and Higher Education Budget Trailer Bill Language***

1. *Education: SB 103 (Committee on Budget & Fiscal Review), Chapter 324, Statutes of 2015.*
2. *General Government: SB 102 (Committee on Budget & Fiscal Review), Chapter 323, Statutes of 2015.*

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

### **Update to Resources, Environmental Protection and Energy**

#### **Cap-and-Trade**

- The revised budget appropriates \$220 million from the Greenhouse Gas Reduction Fund to continue limited cap-and-trade expenditures while further consideration is given to the larger expenditure plan.
- The revised budget also:
  - Allows funds appropriated to the Strategic Growth Council to be made available to provide technical assistance to disadvantaged communities.
  - Provides \$70 million for weatherization programs and \$90 million for the Clean Vehicle Rebate program.
  - Provides \$40 million for agricultural water efficiency.
  - Provides \$20 million for a water-energy grant program at the Department of Water Resources.
  - This basic cap-and-trade appropriation bill allows the discussion about funding for other programs, including transportation, to continue through the fall.

#### **3810 Santa Monica Mountains Conservancy**

- The revised budget includes \$14 million to the Santa Monica Mountains Conservancy, originally proposed in the January budget, from the appropriate bond allocation specifically designated for the conservancy, rather than the Los Angeles River.

#### **3790 Department of Parks and Recreation**

- Additional appropriations provide ongoing funding for the operations of the Leland Stanford Museum.

### ***Resources, Environmental Protection and Energy Budget Bill***

1. *Budget Bill III: SB 101 (Committee on Budget & Fiscal Review), Chapter 321, Statutes of 2015.*

## *Subcommittee No. 3 on Health and Human Services*

### **Update to Health**

#### **4260 Department of Health Care Services**

- The revised budget makes a technical change that allows the Health Benefit Exchange Board an exemption from the state contracting act for all purchases (instead of just capital acquisitions), as intended as part of the 2015-16 budget.

### **Update to Human Services**

#### **5180 Department of Social Services**

- The revised budget increases the amount available for counties to recruit, retain, and support foster care parents and relative caregivers to appropriately reflect the initial amounts included in the Governor's budget.

### ***Health and Human Services Budget Trailer Bill Language***

1. *General Government: SB 102 (Committee on Budget & Fiscal Review), Chapter 323, Statutes of 2015.*
2. *Budget Bill III: SB 101 (Committee on Budget & Fiscal Review), Chapter 321, Statutes of 2015.*

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

### **Update to State Administration and General Government**

#### **7730 Franchise Tax Board**

- Revised language clarifies that loans are never included in gross income for tax purposes and corrects the existing definition of residential structures for purposes of seismic risk mitigation grants.

#### **Redevelopment**

- Revised language allows for the potential expenditure of hundreds of millions of bond proceeds for low-and moderate-income housing purposes as well as other governmental purpose redevelopment projects.
- In addition, the revised budget facilitates the repayment of loans and other obligations by removing tax increment caps and time limit and funding limitations.
- The revised budget expands options and opportunities for local governments by:
  - Allowing for the validity of so-called “re-entered agreements.”
  - Including certain highway infrastructure projects as repayable obligations.
  - Facilitating the payment for pension and state water project overrides.
  - Expanding the definitions of redevelopment agencies (RDA) loans that can be repaid to local governments.
  - Including parking facilities as government purpose properties that can be conveyed to local governments.
  - Addressing specific ongoing issues related to state local finance.
- The revised budget streamlines various procedures related to the dissolution of RDAs, including instituting an annual process for approving the payment of RDA obligations and instituting a final payment schedule that eliminates constant state government oversight.

#### ***General Government Budget Trailer Bill Language***

1. *General Government: SB 102 (Committee on Budget & Fiscal Review), Chapter 323, Statutes of 2015.*
2. *Redevelopment and Local Government: SB 107 (Committee on Budget & Fiscal Review), Chapter 325, Statutes of 2015.*

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

### **Update to Corrections and Rehabilitation**

#### **5225 Department of Corrections and Rehabilitation**

- The revised budget clarifies funding limits for counties under the Community Services Recidivism Reduction Grant program.

### **Update to Labor and Public Employment and Retirement**

#### **7501 Department of Human Resources**

- The revised budget harmonizes the practice of determining salary levels for members of the Board of Parole Hearings with other state boards and commissions.
- The revised budget consolidates various hiring eligibility list requirements into a single process, under the “Rule of Three Ranks,” which would allow hiring managers to consider all eligible persons whose examination scores result in them being in the top three ranks.
- The revised budget expands the pool of candidates eligible to compete for a career executive assignment (CEA) position to include individuals from the private sector.

### **Labor Agreements**

- The revised budget implements prefunding for retiree healthcare benefits to all Bargaining Unit 9 (Professional Engineers) and Bargaining Unit 10 (Professional Scientists) employees, starting on July 1, 2017.
- The revised budget modifies graduated vesting for retiree healthcare benefits from the current 10 to 20 years, to 15 to 25 years for new BU 9 and BU 10 employees first hired on or after January 1, 2016.
- The revised budget sets a ceiling on the employer contribution for retiree health care at 80 percent for non-Medicare basic plan premiums and Medicare plan premiums for new employees first hired on or after January 1, 2016, and their eligible dependents.

### ***Public Safety Budget Trailer Bill Language.***

1. *General Government: SB 102 (Committee on Budget & Fiscal Review), Chapter 323, Statutes of 2015.*

***Labor and Public Employment and Retirement Budget Trailer Bill Language.***

1. *General Government: SB 102 (Committee on Budget & Fiscal Review), Chapter 323, Statutes of 2015.*
2. *Civil Service and Labor: SB 99 (Committee on Budget & Fiscal Review), Chapter 322, Statutes of 2015.*

## 2015 Budget Bill List

<b>Bill Number</b>	<b>Chapter Number</b>	<b>Date Chaptered</b>	<b>Topic</b>
<b>AB 93</b>	<b>10</b>	<b>6/24</b>	<b>2015 Budget Bill (Main Budget Bill)</b>
<b>SB 97</b>	<b>11</b>	<b>6/24</b>	<b>2015 Budget Bill (Budget Bill II)</b>
<b>SB 101</b>	<b>321</b>	<b>9/22</b>	<b>2015 Budget Bill (Budget Bill III)</b>

### June Trailer Bills

SB 75	18	6/24	Health
SB 78	19	6/24	K-12 Local Control Funding Formula
SB 79	20	6/24	Human Services
SB 80	21	6/24	Earned Income Tax Credit (EITC)
SB 81	22	6/24	Higher Education
SB 82	23	6/24	Developmental Disabilities
SB 83	24	6/24	Resources
SB 84	25	6/24	General Government
SB 85	26	6/24	Public Safety
SB 88	27	6/24	Drought Relief
SB 98	28	6/24	State Employment
AB 95	12	6/24	Transportation
AB 104	13	6/24	K-12 Education
AB 114	14	6/24	Public Works
AB 116	15	6/24	2015-16 Supplemental Appropriations
AB 117	16	6/24	Economic Development
AB 119	17	6/24	Skilled Nursing Facilities

### September Trailer Bills

SB 99	322	9/22	State Civil Service
SB 102	323	9/22	State Government
SB 103	324	9/22	Education Finance
SB 107	325	9/22	Local Government