



# **Final Action Report**

## **A Summary of the 2018 Budget Act**

**October 10, 2018**

**Chapter 29, Statutes of 2018**

**Senate Committee on Budget and Fiscal Review**  
**Senator Holly J. Mitchell, Chair**

# FINAL ACTION REPORT

October 10, 2018

Senate Bill 840  
2018-19 Budget Bill

Senate Committee on Budget and Fiscal Review

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October 10, 2018

The Senate Committee on Budget and Fiscal Review has completed its Final Action Report, which is a detailed summary of the 2018-19 budget actions taken by the Legislature, and signed into law by the Governor. This report is available on the website of the Committee on Budget and Fiscal Review: <https://sbud.senate.ca.gov/finalactionreports>.

I hope you will find this information useful. Please feel free to contact the staff of the Committee on Budget and Fiscal Review should you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Holly J. Mitchell".

**HOLLY J. MITCHELL**  
Chair, Senate Budget and Fiscal Review

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# INTRODUCTION

## 2018 Budget Act

### Summary

This Final Action Report from the Senate Committee on Budget and Fiscal Review provides a summary of the 2018 Budget Act, including related statutory changes, and reflects actions taken by the Senate Committee on Budget and Fiscal Review, the Conference Committee on the Budget, and final negotiations between the leadership of the Legislature and the Administration. The budget authorizes General Fund expenditures of \$138.7 billion and assumes \$141.8 billion in total General Fund resources. Under the budget act, there are combined total reserves in the Budget Stabilization Account (BSA), the Special Fund for Economic Uncertainties (SFEU), and the newly created Safety Net Reserve of approximately \$15.9 billion. This reserve total includes approximately \$13.8 billion in the BSA, which is the constitutional maximum level of 10 percent of General Fund revenues.

On June 8, 2018, the Conference Committee on the Budget completed its work to reconcile the Senate and Assembly versions of the 2018-19 budget. The Conference Committee on the Budget built upon the extensive framework of both the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget in establishing the Legislature's version of the budget. Working from the general framework of the Governor's budget and May Revision, the Legislature incorporated significant and important budgetary and policy changes to the state expenditure plan. On June 14, 2018, the Legislature passed the 2018 Budget Act, thus meeting its constitutional obligation to pass a timely balanced budget. The Legislature also approved numerous budget trailer bills and budget act amendments later in June and in August. Budget trailer bills are designed to implement certain provisions of the 2018 Budget Act as noted elsewhere in this report. The 2018 Budget Act was signed by the Governor, without veto, on June 27, 2018, representing the state's eighth consecutive on-time budget. Concurrent with the signing of the budget bill, the Governor signed several related budget trailer bills. Subsequently, the Governor signed the remainder of the budget and trailer bills that were passed by the Legislature in late June and August.

The budget carefully balances the need for additional public investment in education, human services, environmental protection and other state programs, with the necessity of maintaining the state's fiscal stability through increasing reserves and continued debt reduction. Overall, this budget is structured such that it:

- Continues to fully fund existing programs and commitments.
- Targets new spending to the most beneficial investments.
- Highlights social services, K-12 education and combatting homelessness.

- Builds up reserves, pays down debt, and retains the state’s fiscal strength.

The budget package continues the Legislature’s ongoing commitment to California’s residents by strengthening the state’s investments in public programs and services. The Legislature continues to emphasize rebuilding state programs and services, which have still not recovered from the deep economic downturn. For example, the budget includes a significant ongoing investment to take the first of three steps to increase CalWORKs grants so that they are no less than 50 percent of the Federal Poverty Level. The goal is to ensure that no child lives in deep poverty. The budget also continues to invest in early education and child care, more than fully funds the Local Control Funding Formula and increases discretionary funds for school districts. While making such valuable investments, the budget plan also increases the state’s reserve funds, including the creation of a Safety Net Reserve to ensure that programs relied upon more heavily during economic downturns have additional resources to mitigate against cuts and continue to support those in need.

### Budget Framework and Resources

The budget adopts the Administration’s revenue estimates for the General Fund and is balanced through the forecast period. It retains the Administration’s Proposition 2 debt reduction proposal and creates a pathway to use future Proposition 2 infrastructure funds for housing. The budget is structured to relieve General Fund pressure, maximize federal revenues, and use cost-effective means of funding public programs. The General Fund budget summary is as follows:

#### General Fund Budget Summary Prior Year and Adopted Budget (Dollars in Millions)

	<u>2017-18</u>	<u>2018-19</u>
<b>Prior Year Balance</b>	<b>\$5,702*</b>	<b>\$8,483</b>
Revenues and Transfers	<u>129,825</u>	<u>133,332</u>
<b>Total Resources Available</b>	<b>\$135,527</b>	<b>\$141,815</b>
Non-Proposition 98 Expenditures	73,663	83,818
Proposition 98 Expenditures	<u>53,381</u>	<u>54,870</u>
<b>Total Expenditures</b>	<b>\$127,044</b>	<b>\$138,688</b>
<b>Fund Balance</b>	<b>\$8,483</b>	<b>\$3,127</b>
Reserve for Liquidation of Encumbrances	1,165	1,165
Special Fund for Economic Uncertainties	7,318	1,962
<b>Safety Net Reserve</b>		<b>\$200</b>
<b>Budget Stabilization Account</b>	<b>\$9,410</b>	<b>\$13,768</b>

\*After prior year adjustments.

The budget includes total General Fund expenditures of \$138.7 billion for 2018-19, an expenditure level which is \$1.1 billion higher than under the May Revision. The final budget also includes shifts and repurposing of program expenditures, with additional emphasis on expenditures among programs to address legislative priorities, as well as increasing spending commitments over a multi-year period. The final budget provides for approximately \$15.9 billion in general reserves, comprising \$2.0 billion in the SFEU, \$200 million in the Safety Net Reserve and \$13.8 billion in the BSA.

The adopted budget includes the Governor's revenue assumptions for 2018-19 of \$137.7 billion (prior to transfers, including to the BSA), representing an increase of about 3.9 percent from the prior year. Revenue growth for the state's major taxes continues to be moderately strong, reflecting continued economic growth. Revenue assumptions for major General Fund tax sources are shown in the table below:

**General Fund Revenue Sources  
Prior Year and Adopted Budget  
(Dollars in Millions)**

	<u>2017-18</u>	<u>2018-19</u>	<u>Percent Change</u>	<u>Percent Total<sup>1</sup></u>
Personal Income Tax	\$91,971	\$95,011	3.3	69.0
Sales and Use Tax	25,384	26,674	5.1	19.4
Corporation Tax	11,246	12,259	9.0	8.9
Insurance Tax	2,514	2,576	2.5	1.9
Other Sources <sup>2</sup>	1,407	1,170	-16.8	0.8
<b>Total</b>	<b>\$132,522</b>	<b>\$137,690</b>	<b>3.9</b>	<b>--</b>

<sup>1</sup>Based on 2018-19.

<sup>2</sup>Excludes transfers and loan repayments.

### Budget Expenditure Highlights

The budget package represents a comprehensive approach to continuing the restoration of essential services and programs, while maintaining the state's solid fiscal outlook. Specifically, the budget funding plan provides resources for many of the Legislature's priorities—especially in the areas of child care, human services, housing, and education—within the established fiscal framework. The foundation for the plan largely begins with the Governor's base level funding, but incorporates distinctive and important changes in program spending to reflect the Legislature's priorities. Major spending categories are shown on the table on page 4.

**General Fund Expenditure  
Prior Year and Adopted Budget  
(Dollars in Millions)**

	<u>2017-18</u>	<u>2018-19</u>	<u>Percent Change</u>	<u>Percent Total<sup>1</sup></u>
Legislative, Judicial, Executive	\$3,397	\$4,535	33.5	3.2
Business, Consumer, Housing	404	443	9.7	0.3
Transportation	232	229	-1.3	0.2
Natural Resources	3,506	3,542	1.0	2.6
Environmental Protection	214	130	-39.3	0.1
Health and Human Services	35,663	39,480	10.7	28.5
Corrections and Rehabilitation	11,686	12,091	3.5	8.7
K-12 Education	54,005	55,919	3.5	40.3
Higher Education	15,123	16,082	6.3	11.6
Labor and Workforce	147	143	-2.7	0.1
Government Operations	1,135	1,824	60.7	1.3
General Government	1,532	4,270	178.7	3.1
<b>Total</b>	<b>\$127,044</b>	<b>\$138,688</b>	<b>9.2</b>	<b>--</b>

<sup>1</sup>Based on 2018-19.

The budget incorporates priorities of the Legislature and the Administration and includes funding for the following highlighted initiatives and programs:

**Education.** The budget includes \$78.4 billion in Proposition 98 funding for K-14 education in 2018-19, which represents an all-time high and a \$31 billion increase (66 percent) since 2011-12. Highlights for K-12 include 1) \$3.7 billion to increase the Local Control Funding Formula (LCFF), fully funding the LCFF and provide an additional COLA, 2) \$1.1 billion in one-time discretionary funds for K-12 schools, and 3) \$300 million in one-time funding to support Low-Performing Students. For Higher Education, the budget includes, among other things, \$105 million, one-time, for the University of California. This funding is for general purpose use, which may be used to avoid tuition increases and increase enrollment. The budget also includes \$105 million, ongoing, for the California State University for the Graduation Initiative to increase graduation rates, and for general purpose use. In addition, the budget establishes the Online Community College, and implements the Community College Student Focused Funding Formula.

**Human Services.** The budget includes \$360 million in ongoing resources to take the first of three steps to increase CalWORKs grants to no less than 50 percent of the Federal Poverty Level and ensure that no child lives in deep poverty. In addition, the budget includes \$230 million to hold harmless any existing Supplemental Security Income recipients who would lose net benefits once they are allowed to also receive federal Supplemental Nutrition Assistance Program benefits.

**Other Issues.** The 2018-19 budget also includes the following additional funding or provisions:

- \$1 billion in Proposition 56 revenue for rate increases and loan repayments for Medi-Cal providers.
- \$60 million to implement an All Payers Claims Database to increase transparency regarding the cost of health care services.
- \$1.2 billion in bond funds for the first year of implementation of the Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68).
- \$195 million General Fund for flood control infrastructure to support operations, maintenance, repair, rehabilitation, and replacement projects.
- \$5 billion in SB 1 Transportation funds, including \$2.2 billion for local cities and counties.
- \$500 million for local emergency homelessness grants.
- An estimated \$300 million per year for three years to fund the Multi-Family Housing Program.

Overall, the budget represents a responsible and balanced approach, both in terms of revenues and expenditures. It focuses on both the Administration's and Legislature's priorities by building reserves to protect against an economic downturn, fighting homelessness and poverty, increasing discretionary funding for school districts, and making additional investments in higher education. All new expenditures are supported by fiscal projections that represent a balanced budget throughout the forecast period (through 2021-22). Once again, the 2018-19 budget constitutes a fiscally responsible approach to continue rebuilding the state's public programs while saving for the future.

**Subcommittee No. 1 – Education**

6100	Department of Education	6610	California State University
6120	California State Library	6870	California Community Colleges
6360	California Commission on Teacher Credentialing	6980	California Student Aid Commission
6440	University of California	0650	Office of Planning and Research
6600	Hastings College of the Law		

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

0540	Secretary for Natural Resources	3780	Native American Heritage Commission
0521	Transportation Agency	3790	Department of Parks and Recreation
0555	Secretary for Environmental Protection	3810	Santa Monica Mountains Conservancy
2600	California Transportation Commission	3820	San Francisco Bay Conservation and Development Commission
2660	Department of Transportation	3840	Delta Protection Commission
2665	High-Speed Rail Authority	3845	San Diego River Conservancy
2670	Board of Pilot Commissioners	3855	Sierra Nevada Conservancy
2720	California Highway Patrol	3860	Department of Water Resources
2740	Department of Motor Vehicles	3875	Sacramento-San Joaquin Delta Conservancy
3100	California Science Center and African American Museum	3885	Delta Stewardship Council
3110	Special Resources – Tahoe Regional Planning Agency	3900	Air Resources Board
3125	California Tahoe Conservancy	3930	Department of Pesticide Regulation
3340	California Conservation Corps	3940	State Water Resources Control Board
3360	California Energy Commission	3960	Department of Toxic Substances Control
3460	Colorado River Board of California	3970	Department of Resources Recycling and Recovery
3480	Department of Conservation	3980	Office of Environmental Health Hazard Assessment
3540	Department of Forestry and Fire Protection	8570	Department of Food and Agriculture
3560	State Lands Commission	8660	California Public Utilities Commission
3600	Department of Fish and Wildlife		
3640	Wildlife Conservation Board		
3720	California Coastal Commission		
3760	State Coastal Conservancy		

**Subcommittee No. 3 – Health and Human Services**

0530	California Health and Human Services Agency	4265	Department of Public Health
4100	State Council on Developmental Disabilities	4440	Department of State Hospital
4120	Emergency Medical Services Authority	4300	Department of Developmental Services
4140	Office of Statewide Health Planning and Development	4560	Mental Health Services Oversight and Accountability Commission
4150	Department of Managed Health Care	4700	Department of Community Services and Development
4170	California Department of Aging	4800	California Health Benefit Exchange
4185	California Senior Legislature	5160	Department of Rehabilitation
4260	Department of Health Care Services	5175	Department of Child Support Services
		5180	Department of Social Services

## Subcommittee No. 4 – State Administration and General Government

0160	Legislative Counsel Bureau	1701	Department of Business Oversight
0509	Governor’s Office of Business and Economic Development	2120	Department of Alcoholic Beverage Control
0511	Secretary for Government Operations Agency	2240	Department of Housing and Community Development
0515	Secretary for Government Operations Agency	2320	Department of Real Estate
0650	Office of Planning and Research	7502	Department of Technology
0690	Office of Emergency Services	7600	Department of Tax and Fee Administration
0840	State Controller	7730	Franchise Tax Board
0845	Department of Insurance	7760	Department of General Services
0855	Gambling Control Commission	7870	Victim Compensation Board
0860	State Board of Equalization	8260	California Arts Council
0870	Office of Tax Appeals	8620	Fair Political Practices Commission
0890	Secretary of State	8860	Department of Finance
0950	State Treasurer’s Office	8885	Commission on State Mandates
0954-0989	State Treasurer’s Boards, Commissions, and Authorities	8940	Military Department
0971	Alternative Energy & Advanced Transportation Financing Authority	8955	Department of Veterans Affairs
0981	California Able Act Board	9210	Local Government Financing
0984	Secure Choice Retirement Savings Investment Board		
0989	California Educational Facilities Authority		
1111	Department of Consumer Affairs – Boards and Bureaus		
1700	Department of Fair Employment and Housing		

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

0250	Judicial Branch	7920	State Teachers' Retirement System
0280	Commission on Judicial Performance	8120	Commission on Peace Officer Standards and Training
0820	Department of Justice	9800	Augmentation for Employee Compensation
5225	Department of Corrections & Rehabilitation		
5227	Board of State and Community Corrections		
5420	Prison Industry Authority		
7100	Employment Development Department		
7120	California Workforce Investment Board		
7320	Public Employment Relations Board		
7350	Department of Industrial Relations		
7501	Department of Human Resources		
7503	State Personnel Board		
7900	Public Employees' Retirement System		

SUBCOMMITTEE 1  
ON  
EDUCATION

Senate Committee on Budget and Fiscal Review

*Members*

Anthony Portantino, Chair  
Hannah-Beth Jackson  
John M. W. Moorlach

*Consultants*

Anita Lee  
Elisa Wynne

# SUBCOMMITTEE NO. 1

## EDUCATION

### **Pre-K-12**

6100	Department of Education.....	1-1
6360	California Commission on Teacher Credentialing.....	1-18

### **Higher Education**

6120	California State Library.....	1-20
6440	University of California.....	1-21
6600	Hastings College of Law.....	1-23
6610	California State University.....	1-23
6870	California Community Colleges.....	1-25
6980	California Student Aid Commission.....	1-31
0650	Office of Planning and Research.....	1-32

## K-12 EDUCATION

### 6100 CALIFORNIA DEPARTMENT OF EDUCATION (CDE)

#### K-14 EDUCATION - PROPOSITION 98 OVERALL

The 2018 Budget Act includes adoption of the Governor's May Revision revenue estimates and property taxes (although the Legislative Analyst's property tax growth rates for the secured roll were adopted). The resulting Proposition 98 funding levels for K-12 schools and community colleges (K-14 education) are illustrated below:

Budget Year	Proposition 98 Minimum Guarantee	Change from Estimated Guarantee as of June 2018	Applicable Proposition 98 Test <sup>1</sup>	K-12 Overall Per Pupil Expenditures <sup>2</sup>
2016-17	\$71.6 billion	\$252 million increase	Test 2	\$10,617
2017-18	\$75.6 billion	\$1.1 billion increase	Test 2	\$11,218
2018-19	\$78.4 billion	\$2.8 billion increase	Test 2	\$11,640

The calculation of the Proposition 98 Guarantee for 2017-18 includes paying off the balance of the maintenance factor (\$1.3 billion) as part of the 2017-18 Guarantee level. The maintenance factor balance reflects the difference between the Guarantee levels when the operative test is Test 3 or when the Guarantee is suspended and what the Guarantee would have been if Test 2 were operative. The state makes payments towards this obligation in years when Test 1 or 2 is operative and General Fund revenues are growing. Under the factors used to determine the budget act in 2018, no maintenance factor balance is carried through 2018-19.

Of the \$78.4 billion appropriated in 2018-19, \$67.9 billion (86.6 percent) funds K-12 education; \$8.5 billion (10.9 percent) funds community colleges; and \$1.2 billion (1.5 percent) funds preschool and child care programs that are counted within Proposition 98. Of the remaining funds; \$527 million funds adult education, \$164 million funds the K-12 portion of the Strong Workforce Program and \$85 million funds other programs.

The Governor's estimates of statewide average daily attendance (ADA) were also adopted, reflecting slight ADA growth in 2017-18, but overall continuing a trend of ADA declines, resulting in a 2018-19 estimate of 5,944,010 K-12 pupils.

<sup>1</sup> In general, Test 1 is calculated based on a specified percent of General Fund revenues (currently around 38.2 percent). Test 2 is calculated based on prior year funding, adjusted for changes in per capita personal income and attendance. Test 3 is calculated based on prior year funding, adjusted for changes in General Fund revenues, plus 0.5 percent and attendance.

<sup>2</sup> Figures do not include settle-up payments.

<b>Proposition 98 Funding by Segment</b>			
(Dollars in Millions)**			
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>K-12 Education*</b>			
<b>General Fund</b>	\$44,676	\$47,530	\$48,722
<b>Local property tax revenue</b>	\$18,582	\$19,295	\$20,414
<b>K-12 subtotal</b>	\$63,258	\$66,825	\$69,136
<b>California Community Colleges*</b>			
<b>General Fund</b>	\$5,473	\$5,757	\$6,063
<b>Local property tax revenue</b>	\$2,825	\$2,941	\$3,110
<b>CCC subtotal</b>	\$8,299	\$8,698	\$9,173
<b>Other Agencies</b>	\$85	\$95	\$85
<b>Total Proposition 98</b>	\$71,642	\$75,618	\$78,393
<b>General Fund</b>	\$50,234	\$53,381	\$54,870
<b>Local property tax revenue</b>	\$21,407	\$22,236	\$23,523
*K-12 education totals include state preschool and adult education. CCC totals include the K-12 Strong Workforce Program and Adult Education.			
**Totals include rounding.			

Source: Legislative Analyst's Office

**Proposition 98 Certification.** The 2018 budget package also includes a new process for certifying the Proposition 98 Guarantee. Certification of the Guarantee is a process by which the Department of Finance, in consultation with the Department of Education and the Chancellor's Office of the Community Colleges, verifies the factors for the calculation of the Proposition 98 Guarantee and the appropriations and expenditures that count towards the Guarantee level. Certifying the Guarantee results in a finalized Guarantee level for the year, as well as finalizing any settle-up owed as a result of changes in the Guarantee level. Prior to this new process, the Guarantee was last certified for 2008-09. The new process for certifying the Proposition 98 Guarantee for a given year is as follows:

- Each year, as part of the May Revision process, the Department of Finance shall calculate the state's Proposition 98 Guarantee level for the prior fiscal year based on the most recently available underlying data and publish the proposed certification calculation and underlying data.
- The Superintendent of Public Instruction, the Chancellor of the Community Colleges and other stakeholders are provided the opportunity to comment on the proposed certification of the Proposition 98 Guarantee. The Department of Finance is required to provide written responses to the comments on their website and to provide this information in a report to the Legislature.
- The Legislature is provided with the opportunity to review the comments and responses and provide additional feedback to the Department of Finance prior to the final certification of the prior-year Proposition 98 Guarantee. The final certification is followed by a 90 day period during which a legal challenge may be filed. The Department of Finance is required to publish the final

certification of the Proposition 98 Guarantee and the underlying data in a separate schedule of the Governor's budget no later than January 10<sup>th</sup> of the following year.

- If the Director of Finance determines that, pursuant to the certification process, the state has provided appropriations in excess of the Proposition 98 Guarantee for the prior fiscal year, it is required that the excess, not to exceed one percent of the value of the Proposition 98 Guarantee in the certified year, be credited to a newly created Proposition 98 Cost Allocation Schedule. Any amounts in the Proposition 98 Cost Allocation Schedule may be credited to satisfy an outstanding obligation for K-14 education under the Proposition 98 Guarantee in any prior year.
- To the extent an outstanding obligation remains for K-14 education under the Proposition 98 Guarantee in any prior year, after any adjustments for amounts in the Proposition 98 Cost Allocation Schedule are made, the amounts necessary to satisfy the obligations to K-14 education entities are continuously appropriated. They are allocated by the State Controller pursuant to a schedule determined by the Department of Finance.
- The Legislature may adopt an alternative plan for repayment of any outstanding obligations determined as a result of the certification process through the annual budget process or other statute.
- For the 2009-10 through 2016-17 fiscal years, a truncated version of this process is established to certify the Proposition 98 Guarantee. Related to this process, the 2015-16 Proposition 98 Guarantee is rebenched to account for additional child care wraparound services related to the State Preschool Program that were funded within the Proposition 98 Guarantee beginning in 2015-16. According to the Legislative Analyst's Office, this rebenching increases the Proposition 98 Guarantee levels by a total of approximately \$350 million over the 2016-17, 2017-18, and 2018-19 period.

As of August 2018, the Department has released the proposed certification for the 2009-10 through 2016-17 fiscal years. The total settle-up obligation associated with those five years is calculated at \$687 million, an increase of \$347 million compared to previous estimates. The Administration plans to include a multi-year plan for paying the settle-up obligation in its January 2019 budget proposal.

## **K-12 EDUCATION – ALL FUND SOURCES**

In addition to Proposition 98 (General Fund and property taxes), K-12 education is funded through a variety of other fund sources, including federal funds, state lottery funds, local fund sources, and other funds. According to the Department of Finance, total funding for K-12 education from all sources is approximately \$97.2 billion in 2018-19, \$94 billion in 2017-18, and \$88.3 billion in 2016-17.

**K-12 Major Expenditures.** The following significant investments in K-12 education were adopted in the 2018 budget:

## **LOCAL CONTROL FUNDING FORMULA (LCFF)**

**Appropriation of Funds.** The budget provides \$3.7 billion in additional resources from the General Fund for allocation through the LCFF to school districts and charter schools in 2018-19. This transition funding brings the formula to full implementation of school district and charter school LCFF targets, including a cost of living adjustment (COLA) of 3.7 percent. The total amount provided for LCFF is \$61.1 billion in the 2018-19 fiscal year, including base workload adjustments provided to school districts, charter schools, and county offices of education to account for average daily attendance changes and COLAs. The transition funding provided in the 2014 Budget Act fully funded the county office of education LCFF targets, since this time, county offices of education have received base workload and COLA adjustments each year. The budget provides a continuous appropriation for COLAs for the LCFF in future years.

## **ONE-TIME DISCRETIONARY FUNDING / DEBT REDUCTION**

**Discretionary Funding.** The budget appropriates \$1.1 billion to provide discretionary funds that will also pay down the K-12 education mandates backlog. Funds are provided to local educational agencies (LEAs) on a per ADA basis and may be used for any purpose, although legislative intent language states that funds should be prioritized for deferred maintenance, professional development, beginning teacher induction programs, instructional materials, technology infrastructure, and support of implementation of statewide academic content standards. To the extent a LEA has outstanding claims from the School-Based Medi-Cal Administrative Activities program, a LEA's portion of the funds would first offset the balance of any payments due to the state to cover these claims. In addition, the total funds scored to a LEA as result of this section, to the extent that LEAs have unpaid mandate claims, will also be scored in satisfaction of these claims. The mandate backlog accumulated due to the state's earlier deferrals of the required payments, which reimburse local governments for new programs or higher levels of service that the state requires of them. With the funds provided in the 2018 Budget Act, the remaining backlog is anticipated to be approximately \$1 billion at the end of 2018-19.

**Settle-up Payments.** The budget provides \$100 million in Proposition 98 one-time settle up funding that counts toward the 2009-10 Proposition 98 minimum guarantee. Of this, up to \$89.1 million is allocated to K-12 LEAs for one-time discretionary funding (included in the prior paragraph) and \$10.9 million is provided to community colleges for the Community Colleges Guided Pathways Program.

## **MAJOR CHANGES**

- **Low-Performing Students Block Grant.** The budget 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 LCFF 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. 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. LEAs are required to develop a plan for how the funds will be used

and to report to the Superintendent. The Department of Education must compile the plans and provide a report to the Legislature.

- **Full-Day Kindergarten Facilities Grant Program.** The budget provides \$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. Grant recipients must provide a local match, except for those districts that meet financial hardship requirements.
- **K-12 Strong Workforce Program.** The budget 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 high-quality, industry-aligned career technical education (CTE). This 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 educational entities, develop a grant application process and allocate grants to LEAs to implement or expand CTE programs aligned with the consortia's regional plan. Grantees are required to provide a local match and report specified data to the consortia and CDE. In addition, \$14 million in ongoing Proposition 98 funding is provided to support Workforce Pathway Coordinators, K-14 Technical Assistance Providers and the consortia administrative costs. The Workforce Pathway Coordinators and Technical Assistance Providers must also provide technical assistance for grantees of the CTE Incentive Grant program.
- **CTE Incentive Grant Program.** The budget also provides \$150 million in ongoing Proposition 98 funding for the existing CTE Incentive Grant program. The CTE Incentive Grant program is amended to include a 2:1 local match requirement, additional reporting requirements for the CDE, elimination of the CTE Incentive Grant technical assistance coordinators and requires the K-12 Workforce Pathway Coordinators and the K-14 Technical Assistance Providers, established through the Strong Workforce program, to provide technical assistance to grant applicants.
- **Classified School Employee Professional Development Block Grant Program.** The budget provides \$50 million in one-time Proposition 98 funding for the Classified School Employee Professional Development Block Grant Program. Of this total, \$45 million is to support K-12 classified employees and \$5 million is for classified employees at the California Community Colleges. 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 professional development for the implementation of school safety plans, if applicable.
- **Classified School Employee Summer Assistance Program.** The budget 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.

## **SCHOOL DISTRICTS IN FISCAL DISTRESS**

The budget includes the following changes related to school districts in financial distress:

- For the 2018-19 fiscal year, the Oakland Unified School District is required to develop short and long-term financial plans and update school district facilities plans to be aligned with their plans for fiscal solvency. In 2018-19, Inglewood Unified School District is required to meet the requirements for qualified or positive certification and complete comprehensive operational reviews of the district, as specified.
- For the 2019-20 fiscal year, the Governor's January Budget will include an appropriation for the Oakland Unified School District and Inglewood Unified School District, if the specified requirements for 2018-19 are met. Funds will be allocated to the Oakland Unified School District and Inglewood Unified School District, if specified benchmarks are met each year, in the following amounts:
  - For the 2019-20 fiscal year, up to 75 percent of the school district's projected operating deficit.
  - For the 2020-21 fiscal year, up to 50 percent of the school district's projected operating deficit.
  - For the 2021-22 fiscal year, up to 25 percent of the school district's projected operating deficit.
- The Fiscal Crisis Management Assistance Team (FCMAT), with concurrence of the appropriate county office of education, shall certify to the Legislature and the Department of Finance (DOF) that specified benchmarks have been met prior to allocating the state funding. FCMAT shall report to the Legislature and DOF on the district's progress in meeting the benchmarks included in the prior year Budget Act by March 1<sup>st</sup> of each year, until March 1, 2021.
- For school districts with emergency apportionment loans as of July 1, 2018 (Oakland Unified, Inglewood Unified, South Monterey County Joint High School, and Vallejo Unified) when selling or leasing surplus property, until the emergency loan is repaid, the budget agreement:
  - Allows proceeds from the sale or lease of the surplus property to be used to reduce, retire, or service outstanding emergency apportionment loan debt, in addition to current law that allows the proceeds to be used for capital improvements, deferred maintenance, and other limited uses.

- Excludes a district that uses the proceeds from the sale or lease of the surplus property to reduce, retire, or service outstanding emergency apportionment loan debt from applying for financial hardship assistance when seeking new construction or modernization funds under the School Facilities program.

For all school districts that are currently in, or may in the future enter, fiscal distress, the budget act:

- Assigns authority to appoint a trustee or state administrator for school districts in fiscal distress to the school district's county superintendent, the State Superintendent of Public Instruction (SPI), and the president of the State Board of Education (SBE). Currently, the SPI has sole authority to appoint a trustee or administrator. Requires that the trustee or administrator be selected from a list vetted by or recommended by FCMAT.
- Requires the appointed administrators to serve under the supervision and direction of the county superintendent, in concurrence with the SPI and the president of the SBE, as specified. Currently, the SPI assumes the authority and rights of the governing board of the school district, and supervises and directs the administrator.
- Automatically qualifies school districts in state receivership for state intervention within the K-12 school accountability system, to allow school districts in receivership to access technical assistance for student performance and district management from the California Collaborative for Educational Excellence (CCEE). If the CCEE provides assistance to the school district, requires the CCEE to conduct a systemic review of the school district and coordinate additional assistance under the statewide system of support.
- Requires FCMAT to do an annual progress review of: (1) the fiscal recovery of school districts in state receivership, and (2) the effectiveness of county office of education oversight. Requires the county office of education to demonstrate how they are going to remediate any deficiencies in oversight. Additionally, requires annual audits of school districts that receive emergency apportionments to be performed by entities on the State Controller-approved list of auditing firms.

## **STATE-WIDE SYSTEM OF SUPPORT**

The budget 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 budget establishes the following structure for the statewide system of support:

- The budget aligns requirements for county offices of education to support school districts in need of technical assistance to the development, by the State Board of Education, of a tiered support system. This includes a description of the requirements for county offices 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. Similar amendments are made to the process for the Superintendent of Public Instruction (SPI) to assist struggling county offices of education. The budget also provides \$53.8 million to support county offices of education in undertaking these requirements. A formula is established 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 by 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. Finally, the budget specifies the definition of, and methods of evaluation for, alternative schools within the state's accountability system.

- The budget provides \$4 million and 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, and identifying existing and developing new resources upon request of the California CCEE or the SPI. Subject to budget act appropriation, the budget provides for creation of an additional county office of education expert lead agency specifically to provide support on a specified statewide issue. Finally, the budget 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.
- The budget provides \$10 million and 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. It incorporates special education resource leads into the statewide system of support and specifies that at least three selected resource leads shall focus directly on building SELPA capacity to work with county offices of education. The SELPA planning process is aligned with the Local Control and Accountability Plan (LCAP) process for LEAs. The CDE is required to develop: 1) a template for a SELPA annual assurances support plan, and 2) a template for a summary document that supplements the SELPA plan and links SELPA budgeted activities with services and activities identified within the LCAPs of LEAs in the SELPA. SELPA annual assurances support plans are required to be updated to be three-year plans beginning July 1, 2019.
- The budget clarifies the operations of the CCEE and provides \$11.5 million in Proposition 98 General Fund, including ongoing professional development activities, support of lead agencies, and direct technical assistance to LEAs under limited circumstances. In addition, the budget provides the board of the CCEE with authority to determine the acceptance and expenditure of CCEE revenues not appropriated by the Legislature.
- The budget adopts a parent-friendly budget summary that LEAs must provide that links budget expenditures to corresponding goals, actions, and services in the school district's LCAP. The summary for parents will be included as part of the LCAP document. \$200,000 in one-time Proposition 98 funding is provided to contract with the San Joaquin County Office of Education to incorporate the budget summary in the LCAP template.
- The budget provides \$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.

- The budget requires 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. In addition, the budget includes technical amendments to the school district and county office of education local appropriations limit calculations to conform to the CDE's current practice and funding under the LCFF.
- The budget extends the date by which the SBE may revise the LCAP template under the state's open meeting law rather than through the formal regulatory process, from December 31, 2018 to January 31, 2019.
- The budget, through trailer bill legislation (AB 1808(Committee on Budget), Chapter 32, Statutes of 2018), included Legislative intent to enact legislation in the 2017-18 Regular Session to redesign the LCAP template. Implementing language was then adopted as part of the education clean-up trailer bill. The scope of the changes to the template included 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 charter-wide basis. The trailer bill language includes the following:
  - Requires the SBE to adopt a new template for the LCAP and Annual Update on or before January 31, 2020.
  - Requires the SBE to replace the existing expenditure tables within the "Goals, Actions and Services" section of the LCAP with a new summary table of planned expenditures for all actions for each goal included in the LCAP, broken out by fund source. Also requires the total overall expenditures to be broken out by personnel and non-personnel expenditures.
  - Requires the SBE to include a summary table within the "Demonstration of Increased or Improved Services" section of the LCAP that includes a summary of the actions and planned expenditures to increase or improve services for English learners, low-income and foster youth students. Requires the planned expenditures to be grouped by expenditures provided to students on a districtwide, countywide or charterwide basis, expenditures targeted to one or more student subgroups, and expenditures targeted at specific school sites.
  - Requires the SBE to specify in the LCAP instructions and Annual Update template that LEAs are encouraged to prioritize their goals, actions and related expenditures within the eight state priorities. Specifies that the instructions shall require LEAs to consider performance on the California School Dashboard in determining how to prioritize goals, actions and expenditures within the LCAP and Annual Update. Requires LEAs to continue to report and track progress on the metrics for all state priorities.
  - Requires the SBE to specify in the instructions of the LCAP and Annual Update template that LEAs that have numerically significant English learner students must report progress on metrics and include actions and services for English learners in the LCAP and Annual Update.
  - Requires the LCAP and Annual Update template adopted by the SBE to use language that is understandable and accessible to parents.
  - Requires school districts and county offices of education to post prominently on the homepage of their website their approved LCAP.
  - Consolidates all the LCAP and Annual Update template requirements into a single section in statute.

- Updates relevant sections related to charter schools to clarify that charter schools must also use the updated template adopted by the SBE.
  - Provides a limited exemption for the SBE to make necessary changes to the LCAP and Annual Update template required by the trailer bill without following the Administrative Procedures Act requirements.
  - Updates references to outdated assessments in the metrics for the state priorities included in the LCFF.
- Provides \$200,000 in one-time Proposition 98 funds for the San Joaquin Office of Education to support updating the LCAP Electronic Template system to reflect changes in the trailer bill.

## OTHER ONE-TIME AUGMENTATIONS

- **Computer-Based Assessments.** The budget allocates \$27.4 million in one-time Proposition 98 funding for the CDE to develop a computer-based English Language Proficiency Assessment for California (ELPAC) and a computer-based alternative ELPAC for students with disabilities.
- **Charter School Facility Grant Program.** The budget provides \$21.1 million in one-time and \$24.8 million in ongoing Proposition 98 funding for the California School Finance Authority to support the Charter School Facility Grant Program due to increased participation. In addition, the budget makes the following changes to the Charter School Facility Grant Program:
  - 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.
  - 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.
- **Tobacco Use Prevention Funds.** The budget allocates \$21 million in Proposition 56 funds to support programs that prevent and reduce the use of tobacco and nicotine products by young people.
- **Multi-Tiered Systems of Support (MTSS).** The budget allocates \$15 million in one-time Proposition 98 funding to the Orange County Department of Education to expand upon past investments in 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 disseminating 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.

- **After School Kids Code Grant Program.** The budget allocates \$15 million in one-time Proposition 98 funding for the After School Kids Code Grant Program. It also 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.
- **Community Engagement Initiative.** The budget provides \$13.3 million in one-time Proposition 98 funding to establish the Community Engagement Initiative. Specifically, the initiative provides funding to the 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 LCAP process. The CCEE is also required to conduct statewide training on community engagement based on the findings of the professional learning networks.
- **High Speed Network (HSN).** The budget provides \$9.8 million in reappropriated Proposition 98 funding for the HSN, along with \$11.2 million from federal e-rate and Teleconnect fund subsidies, for a total funding level of \$21 million.
- **California School Information Services (CSIS).** The budget reappropriates \$6.5 million Proposition 98 funding to the Fiscal Crisis and Management Assistance Team for CSIS operations related to supporting the California Longitudinal Pupil Achievement Data System.
- **Local Facilities Projects.** The budget includes \$6 million in one-time General Fund for the SPI to allocate to the San Francisco Unified School District to support a facilities project at A.P. Giannini Middle School. The budget also includes \$2 million in one-time General Fund for the SPI to allocate to the Sweetwater Union High School District to support a facility project at Mar Vista High School.
- **Southern California Regional Occupational Center.** The budget provides \$3 million in one-time Proposition 98 funding for the Southern California Regional Occupational Center, pursuant to the 2017-18 Budget Act agreement. This agreement included language stating intent to appropriate \$3 million, \$2 million, and \$1 million in 2018-19, 2019-20, and 2020-21 respectively. The intent is to transition the center, which provides career technical education to K-12 and adult students, to a fee-based funding model.
- **Special Olympics of Northern and Southern California.** The budget allocates \$2 million in one-time General Fund for the SPI to allocate to the Special Olympics of Northern and Southern California for specified programs.
- **Suicide Prevention Training Program.** The budget allocates \$1.7 million in one-time General Fund for the SPI to identify evidence-based training programs for LEAs on suicide prevention and to provide a grant to a county office of education to acquire and disseminate a training program identified by CDE to LEAs at no cost.
- **California-Grown Fresh School Meals Grant Program.** The budget provides \$1 million in one-time Proposition 98 funding for the SPI 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. The Department of Education is required to allocate grants to LEAs to be used for purchasing equipment and providing professional development to food services employees regarding implementing healthy school meals. In selecting grantees, priority shall be provided for LEAs with at least 50 percent unduplicated students and positive consideration shall be provided for other specified activities.

- **Student Friendly Services.** The budget provides an increase of \$1 million in ongoing Proposition 98 General Fund for Student Friendly Services, which provides college and career guidance to some K-12 districts and additional services related to applying for college.
- **Fiscal Crisis Management and Assistance Team (FCMAT).** The budget provides an increase of \$972,000 in ongoing Proposition 98 General Fund to support FCMAT workload related to additional support of county offices of education in their work with school districts at risk of having financial issues.
- **Standardized Account Code Structure System Replacement.** The budget provides \$716,000 from the Educational Telecommunication Fund to augment first-year funding for the Standardized Account Code Structure (SACS) system replacement project.
- **History Social Science Frameworks Genocide Awareness Resources.** The budget provides \$500,000 in one-time Proposition 98 funds to support development of additional resources on genocide awareness education; as part of the History Social Science Curriculum.
- **Federal Funds.** The budget also includes a variety of adjustments to reflect changes to programs to align with federal grant amounts.

## OTHER CHANGES

- The budget provides an extension for the installation of operational child safety alert systems by LEAs in school buses and other specified vehicles that transport children until on or before March 1, 2019. In addition, the budget provides for an additional six-month extension for LEAs with enrollment under 4,000. Legislative intent language is included to specify that vehicles that transport children with exceptional needs receive priority for installation of devices and to specify that the Legislature does not intend to provide additional extensions.
- The budget 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, 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, are added to the UCP with specific timelines.
- The budget requires the SPI to provide a third year of average daily attendance relief for school districts where no less than five percent of the residences were destroyed by the 2017 wildfires.

- The budget removes the amount allocated to SELPAs for program specialist/regionalized services (PS/RS) and allocates funds based on the statewide average PS/RS rate for all SELPAs.
- The budget permanently authorizes Necessary Small High School funding determinations based on geographical circumstances and the size of the school.
- The budget eliminates the sunset date for the California Assessment of Student Performance and Progress (CAASPP) system.
- The budget exempts school districts impacted by the 2017 wildfires, upon receipt of a waiver from the United States Department of Education, from the requirement to administer CAASPP during the 2017–18 school year.
- The budget eliminates the recently repealed California High School Exit Exam from the K-12 Mandates Block Grant.
- The budget 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.
- The budget 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.
- The budget 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).
- The budget 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.
- The budget authorizes the Department of Finance to be a designated party to all LEA audit appeals submitted to the Education Audit Appeals Panel.
- The budget allows the California School Finance Authority to charge administration costs to the 2016 facilities bond funding and to specify that required audits must be completed within one year of project completion.
- The budget 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.
- The budget specifies that joint power authorities may participate in and receive funding through the School Bus Replacement Program.
- The budget exempts nonpublic schools and nonpublic agencies that provide special education services from an annual audit requirement.

- The budget clarifies which ADA will be used in the following cases:
  - When prior year and current year ADA are equal, for purposes of apportionment determination, the current year ADA will be used.
  - When reporting out-of-state ADA, second principal apportionment ADA 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.
- The budget 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.
- The budget 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.
- The budget 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.
- The budget 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.
- The budget authorizes an unspecified appropriation for special education programs as necessary to hold them harmless if expected 2018-19 local property tax revenue from redevelopment agencies fails to materialize.

## EARLY CHILDHOOD CARE AND EDUCATION PROGRAMS

Overall, the 2018 Budget Act provides \$4.7 billion (\$2.1 billion Proposition 98 General Fund \$1.4 billion General Fund and \$1.2 billion federal funds) for child care, state preschool, and transitional kindergarten programs. The budget reflects the final year of the multi-year investment for child care and early learning agreed to as part of the 2016-17 budget act as well as additional increases negotiated as part of the final 2018 budget package.

- **Transitional Kindergarten.** Transitional kindergarten is considered the first year of a two-year kindergarten program. Children whose fifth birthday falls between September 2<sup>nd</sup> and December 2<sup>nd</sup> may be admitted to a transitional kindergarten program (children are admitted to Kindergarten if their fifth birthday falls before September 2<sup>nd</sup>). Starting in 2015-16, children whose fifth birthday is after December 2<sup>nd</sup> may be admitted to transitional kindergarten (as developmentally appropriate); however, these students do not generate state funding until they reach their fifth birthday. The budget provides \$865 million for transitional kindergarten in 2018-19, an increase of almost seven percent over the 2017-18 fiscal year.
- **California State Preschool Program.** State preschool provides part-day or full-day care and education for low-income three and four-year-old children. The budget provides \$1.3 billion total

for state preschool, including \$538 million for part-day and \$804 million for full-day preschool. In addition, the budget provides an increase of 2,959 full-day slots to LEAs, effective March 1, 2019, and annualizes slots provided in 2017-18.

- **Child Care.** The budget provides approximately \$1.3 billion for CalWORKs child care, specifically: \$331 million for Stage 1, \$560 million for Stage 2, and \$399 million for Stage 3. In addition, the budget includes \$1 billion for non-CalWORKs child care programs, such as: general child care (\$412 million), the Alternative Payment Program (\$530 million), a bridge program for foster children (\$41), migrant child care (\$41 million), and care for children with severe disabilities (\$2 million). These increases reflect a significant increase in non-CalWORKs child care slots (24 percent over 2017-18).
- **Reimbursement Rates.** The budget provides the following increases to the standard reimbursement rate (used to reimburse providers that contract with the State Department of Education), regional market rate (used to pay providers that accept vouchers), and license-exempt rate:
  - Updates the standard reimbursement rate and state preschool reimbursement rate, commencing July 1, 2018, to reflect a cost-of-living adjustment and other increases.
  - 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 and are effective as of January 1, 2019.
  - Makes permanent a provision to hold providers receiving the regional market rate (RMR) for voucher-based child care harmless so that no provider receives less under current rates than it received under the RMR ceiling that existed in that region on December 31, 2017 (previously; this hold harmless would have expired as of December 31, 2018).
- **Preschool Quality Rating Improvement System (QRIS).** The budget continues an investment of \$50 million General Fund for the QRIS consortia to support quality improvements for child care providers.
- **Inclusive Early Education Expansion Program.** The budget provides \$167.2 million in Proposition 98 funding for the Inclusive Early Education Expansion program. Under this program; grants will be provided to 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 applicants that have a need for expanded access to inclusive early care, and to serve low-income communities, leverage local partnerships, serve a broad range of disabilities, and those who 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, conduct an evaluation and direct a related stakeholder workgroup.

- **Inclusive Early Care Pilot Program.** The budget establishes the Inclusive Early Care Pilot Program, under which county offices of education may apply for 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. Priority shall be given to applicants with a demonstrated need for expanded access to inclusive early care and education within their county, particularly within low-income and high-need communities. The CDE shall administer the program and conduct an evaluation. For purposes of this program, \$10 million in one-time federal funding is provided in the 2018-19 budget.
- **Preschool Licensing Flexibility.** The budget 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. It also allows the CDE to adopt emergency regulations to meet the requirements of this section and 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.
- **Other Quality Investments.** The budget includes \$26.4 million in federal Child Care and Development Fund resources for each of the 2018-19 and 2019-20 fiscal years to increase inspections of licensed child care providers from once every three years to annual visits. In addition, \$20 million in federal Child Care and Development Fund carryover funding is provided for the County Pilot for Inclusive Early Care, the Child Care Initiative Project, and licensed child care teacher professional development.
- **Technical Changes.** The budget makes other changes, including specifying that alternative payment programs have between 12 and 24 months to expend funds allocated within a fiscal year.

## CDE STATE OPERATIONS ISSUES

The budget provides total state operations funding of \$391 million, and authority for 2,217.2 positions for CDE headquarters and the state special schools. This includes:

- \$1 million in ongoing Federal Workforce Innovation and Opportunity Act Title II funds to provide technical assistance to adult education programs newly integrating literacy, job training, and career technical education.
- \$938,000 in one-time non-Proposition 98 General Fund for CDE to hire external consultants and cover travel and other costs incurred in developing or revising content standards for several academic subjects (computer science, ethnic studies, world language, and visual and performing arts.)
- \$700,000 in ongoing non-Proposition 98 General Fund to accommodate rising salary and pension costs at California School Information Services.

- \$625,000 in ongoing federal Individuals with Disabilities Education Act funding to establish a new unit to respond to public information requests associated with special education litigation and \$3 million in ongoing federal Individuals with Disabilities Education Act funding to support increased costs related to special education dispute resolution services.
- \$624,000 in ongoing non-Proposition 98 General Fund for the CDE to administer subsidized county child care pilot programs.
- \$600,000 in ongoing non-Proposition 98 General Fund to support workload related to school-based comprehensive sexual health education.
- \$595,000 in one-time non-Proposition 98 General Fund for legal costs associated with the *Ella T. v. State of California* lawsuit.
- \$533,000 in one-time federal funds to support implementation of a federal grant program to assist LEAs impacted by the Northern and Southern California wildfires of 2017.
- \$437,000 in reappropriated federal Title III carryover for the CDE, on or before June 30, 2020, to develop a standardized English language teacher observation protocol for use by teachers in evaluating students' English language proficiency.
- \$381,000 in ongoing federal Title I funds to support the state system of support.
- \$297,000 in one-time non-Proposition 98 General Fund for external legal costs associated with an employment lawsuit.
- \$293,000 in ongoing non-Proposition 98 General Fund to provide training to State Preschool contractors, monitor additional contracts, and undertake other administrative work associated with recent State Preschool slot increases.
- \$252,000 in one-time non-Proposition 98 General Fund for the development and maintenance of the computer-based ELPAC and alternative computer-based ELPAC for students with disabilities.
- \$197,000 in one-time non-Proposition 98 General Fund to backfill decreases in the Special Deposit Fund for the California High School Proficiency Exam as the result of fee waivers for homeless and foster youth that were enacted in 2015 and 2016.
- \$157,000 in ongoing non-Proposition 98 General Fund to support additional workload related to coordination of a centralized Uniform Complaint Procedures (UCP) process and database, standardization of UCP policies, procedures, and templates, and a stakeholder workgroup.
- \$150,000 in one-time non-Proposition 98 General Fund for 2018-19 dues to the Education Commission of the States.
- \$143,000 in ongoing non-Proposition 98 General Fund to help oversee information security and privacy.

- \$135,000 in ongoing federal Child Care and Development Fund to support workload related to increases in child care slots.
- \$131,000 in ongoing non-Proposition 98 General Fund to expand capacity for reviewing and providing technical assistance for district reorganizations.
- \$128,000 in ongoing non-Proposition 98 General Fund to expand capacity to audit schools for compliance with state non-discrimination laws.
- \$119,000 in one-time non-Proposition 98 General Fund to support workload for collecting, analyzing, and reporting applicable district of choice data to the Legislature.
- \$108,000 in ongoing non-Proposition 98 General Fund to undertake additional monitoring activities to ensure school districts are complying with a new state law that uses Medi-Cal eligibility lists as the means for directly certifying children as eligible for federally subsidized school meals.
- \$100,000 in one-time federal Title IV funds to support a federal grant program that includes grants for visual and performing arts and school-based health centers.
- **State Special School State Operations.** The budget provides a one-time increase of \$1.9 million in reimbursements for the three State Special Schools and diagnostic centers to purchase technology through the Education Technology K-12 Voucher Program which is a grant program established with funds from a settlement agreement between California consumers and the Microsoft Corporation. The grant allows K-12 schools to purchase information technology products and services.

## **6360 CALIFORNIA COMMISSION ON TEACHER CREDENTIALING (CTC)**

The 2018 Budget Act included workload-related adjustments for the CTC and other substantial adjustments, as follows:

### **TEACHER WORKFORCE SUPPORT**

- **Teacher Residency Grant Program.** The budget dedicates a total of \$75 million in one-time Proposition 98 funding for locally sponsored teacher residency programs for subject areas with a teacher shortage. Of the total, \$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 CTC 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.
- **Local Solutions Grant Program.** The budget provides \$50 million in one-time Proposition 98 funding for the Local Solutions Grant program. It also requires the Commission on Teacher

Credentialing to provide competitive grants to LEAs to develop and implement new, or to 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. Teacher participants who receive a teacher service scholarship, signing bonus, or student debt payment are required to teach at a school within the LEA jurisdiction for four years.

## **CTC STATE OPERATIONS ISSUES.**

The 2018 Budget Act includes the following adjustments for CTC state operations:

- **Digitize Credential Records.** The budget provides \$1.5 million in one-time funding from the Teacher Credentials Funds reserve account to convert the portion of the existing teacher credential records that are currently stored on a microfiche system to a digital format and create a searchable database.
- **California Administrator Performance Assessment Field Test.** The budget provides \$1.3 million in one-time Test Development and Administration Account funds to provide an Administrator Performance Assessment (APA) field test to all administrator candidates enrolled in credential programs in 2018-19. An operational assessment would be available in 2019-20.
- **Teacher Assignment Monitoring.** The budget provides \$380,000 in one-time funds from the Teacher Credentials Fund reserve account to automate teacher assignment monitoring activities and allow for the annual monitoring of all schools.
- **Educator Discipline Investigations.** The budget extends the redirection of \$200,000 from the Teacher Credentials Fund amount provided to the Office of the Attorney General to the CTC through 2019-20 and 2020-21. The funds are to be used for limited-term investigator workload to assist in investigating and preparing educator discipline cases for administrative hearings.
- **California Administrator Performance Assessment Grant.** The budget provides an increase of \$160,000 in grant funds from the San Diego State University Foundation to support the convening of field experts that will review the outcomes of the California Administrator Performance Assessment field trial.

### ***K-12 Education Budget Trailer Bills***

1. *K-12 Education Omnibus – AB 1808 (Committee on Budget), Chapter 32, Statutes of 2018.*
2. *K-12 Education Trailer Bill: Proposition 98 Certification – AB 1825 (Committee on Budget and Fiscal Review), Chapter 39, Statutes of 2018.*
3. *K-12 Education Trailer Bill – AB 1840 (Committee on Budget), Chapter 426, Statutes of 2018.*

# HIGHER EDUCATION

## 6120 CALIFORNIA STATE LIBRARY

- **Literacy Program.** The budget approves the Governor's proposal to provide a \$2.5 million ongoing General Fund increase for literacy programs. Specifically, this would: (1) increase base funding for each participating local library from \$18,000 to \$25,000; (2) increase funding for each adult learner served from \$85 to \$120; and (3) provide \$20,000 to each participating library that provides literacy services to children of adult learners (known as the family literacy program).
- **Internet Capacity at Local Library Hubs.** The budget approves the Governor's proposal to provide \$3 million General Fund one-time to increase internet capacity at local library hubs. Specifically, the funding could be used for infrastructure upgrades, equipment that can accommodate more users at higher speeds, and other costs associated with the upgrades.
- **Corporation for Education Network Initiatives in California (CENIC) Costs.** The budget approves the Governor's proposal to provide an increase of \$350,000 General Fund ongoing for contract costs that CENIC inadvertently did not include in previous contracts with the state.
- **Internet Equipment Grants.** The budget approves the Governor's proposal to provide an additional \$2 million for grants to help local libraries cover the one-time costs of initially connecting their infrastructure to the CENIC backbone.
- **California Library Services Act.** The budget approves the Governor's proposal to augment the Act by \$1.5 million General Fund one-time, as follows: \$1 million to augment the Zip Books Program, and \$450,000 to connect several libraries' catalogues.
- **Oral Histories Program.** The budget approves the Governor's proposal to provide \$250,000 General Fund ongoing for the Oral Histories Program, as follows: (1) \$150,000 for the State Library to contract for production of about 15 new oral histories per year, (2) \$70,000 to produce about seven new oral histories on video per year, and (3) \$30,000 to store the files and convert analog recordings to digital files. The program would be a partnership with the State Archivist, who would chair a committee to select interviewees.
- **Lunch at the Library Program.** The budget provides \$1 million one-time General Fund for the Lunch at the Library program, which supports libraries in developing summer free-meal programs. Funding will help libraries connect with meal sponsors and the United States Department of Agriculture's Summer Food Service Program establishes a free-meal program.
- **Felton Library and Nature Discovery Park.** The budget provides \$1 million one-time General Fund to support completion of the Felton Library and Nature Discovery Park. The funding will combine with local funding to create a community learning center and park within walking distance of downtown Felton and nearby schools.

- **Student Authors Program.** The budget provides \$1 million one-time General Fund to create the Student Authors program, which will provide competitive grants to nonprofit organizations to work with, and publish the writings of student authors who reside in public housing developments.
- **Career Online High School.** The budget provides \$1 million one-time General Fund for the Career Online High School, which offers adults the opportunity to simultaneously earn an accredited high school diploma and credentialed career certificate.
- **Braille Institute.** The budget provides \$500,000 one-time General Fund to support operations at the Braille Institute Library in Los Angeles.
- **Various Investments.** The budget also approves the Governor's proposals to provide \$663,000 General Fund one-time to purchase a vault to protect the library's collection and repair damaged books, \$430,000 for the California Newspaper Project, \$340,000 for higher facilities rent charged by the Department of General Services, and \$195,000 to digitally preserve the state's website history.
- **Contract Libraries.** Budget trailer bill language in AB 1809 (Committee on Budget), Chapter 33, Statutes of 2018, eliminates the sunset date for existing law that requires cities seeking to contract for library services with a for-profit company to provide a public notice and conduct a competitive bidding process.

#### **6440 UNIVERSITY OF CALIFORNIA (UC)**

The budget provides an increase of \$98.1 million ongoing, and \$177.1 million one-time, General Fund to UC.

- **Base Increase.** The budget provides \$92.1 million ongoing General Fund for a base increase for UC. Additionally, the budget provides \$105 million one-time for general UC needs, such as an enrollment increase and investments in services and programs that improve student outcomes.
- **Enrollment Growth.** The budget provides \$5 million ongoing General Fund to support 2018-19 enrollment growth of 500 undergraduate resident students, and authorizes the Department of Finance to proportionally reduce the amount of funding should UC not meet the enrollment target. The budget also specifies that UC must admit at least one transfer for every two entering freshman students. The budget also redirects approximately \$8.6 million from the Office of the President to the budget for campuses to support 2018-19 enrollment growth of 1,500 undergraduate students.
- **Redirection to Cal Grant Program.** The budget approved the Governor's May Revision provisional language to authorize the Department of Finance to reduce General Fund support to the Cal Grant and Middle Class Scholarship by a corresponding amount if UC increases tuition in 2018-19.
- **Deferred Maintenance.** The budget provides \$35 million in one-time funding to address deferred maintenance.

- **UCPath.** The budget approves the Governor’s May Revision proposal to authorize UC to charge a supplemental assessment of up to \$15.3 million total to campuses to support UCPath, which is UC’s program to implement a single payroll, benefits, human resources and academic personnel solution for all UC employees. Additionally, the budget stipulates that state funds shall only be used to support UCPath costs associated with state-funded programs. The budget also creates a new budget item within the Office of the President’s budget that displays the budget for the Agriculture and Natural Resources Division.
- **Legal Services.** The budget provides \$4 million in one-time funding to provide legal services for undocumented and immigrant students, faculty and staff at UC.
- **Telemedicine and Residency Programs.** The budget provides \$15 million General Fund one-time to support a UC school of medicine without a medical center. The goal is to support psychiatry programs in medically underserved areas in rural portions of the state or areas with a need to use telemedicine psychiatry programs.
- **Graduate Medical Education.** The budget provides \$40 million in one-time General Fund to support graduate medical education at UC. This action backfills funding the administration proposed to remove for this purpose from Proposition 56.
- **Student Hunger.** The budget provides \$1.5 million in one-time General Fund to support campus efforts to address student hunger and basic needs. AB 1809 requires campuses to report on their uses of the funds and associated outcomes. Additionally, AB 1809 creates a working group with representatives of higher education segments and county and state social service providers to improve coordination around student benefits.
- **Research Activities.** The budget provides \$12 million in one-time General Fund to support research related to Jordan's Syndrome and \$3 million in one-time General Fund to support Valley Fever research.
- **Equal Employment Opportunity.** The budget provides \$2 million in one-time General Fund to support equal employment opportunity practices.
- **Anti-Bias Training.** The budget approves the Governor’s May Revision proposal to provide \$1.2 million General Fund on a one-time basis to contract for a two-year pilot program to provide anti-bias training at campuses of the UC and the California State University.
- **UC Berkeley Budget.** The budget approves the Governor’s May Revision proposal to provide \$25 million in one-time General Fund for UC Berkeley to address the campus' operating deficit. This funding will be released after the campus presents a plan to eliminate its deficit to the Department of Finance and Joint Legislative Budget Committee.
- **UCLA Ralph J. Bunche Center for African American Studies.** The budget provides \$1.8 million in one-time General Fund for the center.
- **UC Davis Aggie Square.** The budget provides \$2.8 million in one-time General Fund to support planning costs for UC Davis Aggie Square.

- **UC San Diego Institute on Global Conflict and Cooperation.** The budget approves the Governor's May Revision proposal to provide \$1 million in ongoing General Fund to support the operations of the institute.
- **Vector-Borne Disease Surveillance Gateway.** The budget provides \$500,000 one-time General Fund for this program.
- **Supplemental Reporting Language.** The budget includes supplemental reporting language, which requires the UC to submit a plan to the Legislature by April 1, 2019 to gradually reduce the enrollment of nonresident freshman students to no more than 10 percent of the freshman class at every campus by 2029-30. The plan shall include options for replacing the revenues from nonresident students, including but not limited to, increasing nonresident tuition for the remaining nonresidents, or increasing General Fund support from the state. The options shall not include increasing tuition on resident students for this purpose.

The package also includes the following trailer bill language:

- **UC Office of the President Report.** AB 1809 requires UC to provide an annual report regarding the UC Office of the President's systemwide programs and initiatives, including description of activities, revenue sources, costs and justification for how the program or initiative enhances the mission of the university.
- **Financial Aid Reports.** AB 1809 eliminates the preliminary financial aid report for UC and CSU, and modifies the final report, which is due on March 31 to require reporting regarding the percentage of students who receive institutional aid and the number of low-income students who do not receive aid.

## **6600 HASTINGS COLLEGE OF LAW**

- **Base Augmentation and UCPath.** The budget approves the Governor's proposal to provide a \$1.1 million General Fund base increase and \$1.5 million General Fund one-time for implementation costs associated with the UCPath project over a two-year period (2018-19 and 2019-20).
- **Diversity Pipeline Scholarships.** The budget also provides \$4.5 million in one-time General Fund over four years to provide scholarships to cover tuition and a majority of the costs of living for 24 qualified California students from Historically Black Colleges and Universities and the American University in Armenia to attend Hastings College of Law.

## **6610 CALIFORNIA STATE UNIVERSITY (CSU)**

The budget provides an increase of \$197.1 million in ongoing General Fund, and \$167 million in one-time General Fund above the 2017-18 budget for CSU.

- **Graduation Initiative.** The budget provides \$75 million in ongoing General Fund to support the Graduation Initiative. The budget also requires the CSU to report on January 15, 2019 and January 15, 2020 on: (1) the amount each campus spent on the Graduation Initiative, (2) how funds were spent, (3) how these activities are linked to research on best practices and campus data on whether these activities have achieved their desired impact, (4) its efforts to close the achievement gap for low-income students, historically underrepresented students, and first generation students, and (5) the growth in management faculty and support staff.
- **Faculty.** The budget also specifies that \$25 million ongoing General Fund must be used to increase the number of tenure track faculty. The budget requires the CSU to report by November 1, 2020 and every two years thereafter until funds are fully allocated regarding the number of tenure track faculty, lecturers, and new tenure track faculty by campus, among other data.
- **Enrollment Growth.** The budget provides \$120 million in one-time General Fund to support enrollment growth of 3,641 full-time equivalent students, which will allow about \$30 million per year to support this cohort of students for four years. The budget requires CSU to provide a plan that identifies: (1) how funding and enrollment slots would be distributed to each campus, (2) how much of the appropriation CSU plans to spend annually, and (3) the student services that would be supported by this funding, including course section offerings.
- **General University Needs.** The budget provides \$30 million in ongoing General Fund for general university needs, such as increasing enrollment.
- **Redirection to Cal Grant Program.** The budget approves the Administration's May Revision provisional language to authorize the Department of Finance to reduce General Fund support to the Cal Grant and Middle Class Scholarship program by a corresponding amount if CSU increases tuition in 2018-19.
- **Deferred Maintenance.** The budget provides \$35 million in one-time General Fund for deferred maintenance.
- **Legal Services.** The budget provides \$7 million in one-time General Fund to provide legal services for undocumented and immigrant students, faculty and staff. This funding will be provided to the Department of Social Services to work with qualified organizations to provide legal services on CSU campuses. The department is required to provide updates to the Legislature regarding the use of these funds.
- **Shark Research.** The budget provides \$3.8 million one-time General Fund for shark research and beach safety activities at CSU Long Beach.
- **Student Hunger.** The budget provides \$1.5 million one-time General Fund to support campus efforts to address student hunger and basic needs. AB 1809 requires campuses to report on use of the funding and associate outcomes. AB 1809 establishes a working group between higher education segments and county and state social service providers to improve coordination around student benefits.

- **Mervyn M. Dymally Institute.** The budget provides \$1 million in one-time General Fund for the Mervyn M. Dymally African American Political and Economic Institute at CSU Dominguez Hills.
- **Various Fellowship Programs.** The budget provides \$350,000 in one-time General Fund to the California Council on Science and Technology Policy Fellowship Program. The budget also provides an increase of \$24,000 ongoing General Fund for the CSU Sacramento Semester program. The budget also provides \$100,000 General Fund to support the California Education Policy Fellowship Program, which is a joint initiative of the Center for California Studies, and the Education Insights Center located at CSU Sacramento.

The budget also includes the following trailer bill language:

- **CSU Other Post-Employment Benefits.** AB 1809 amends the vesting period for specified CSU employees for retiree health and dental benefits to 10 years of state service.
- **CSU Admissions Policy Report.** AB 1809 requires CSU to submit a systemwide report annually to the Legislature by May 1 for 2020 through 2023, regarding admissions policies. Specifically, the report must contain a description of changes in campus policies to provide local students with additional admissions preferences for impacted programs, how these changes are being communicated to prospective students, information about the number of applicants who were eligible for admissions and how many of them were denied admission to the campus, as well as data on students who were offered redirection.

## 6870 CALIFORNIA COMMUNITY COLLEGES (CCC)

**Student Focused Funding Formula.** The budget adopts a new community college apportionment funding formula, the Student Focused Funding Formula, which transitions from focusing solely on enrollment, to also include funding based on student outcomes and the number of low-income students served. AB 1809 establishes the Student Focused Funding Formula as follows:

- **Implementation.** AB 1809 modifies the Governor's proposal by creating a three-year phase-in of the new funding formula. Specifically, in 2018-19, the funding formula will be 70 percent enrollment-based funding, 20 percent funding based on the enrollment of low-income students, and 10 percent funding based on performance outcomes, as specified. Over a three-year period the formula would shift to 60 percent enrollment-based funding, 20 percent funding based on the enrollment of low-income students, and 20 percent funding based on performance outcomes. Enrollment growth will be computed on a three-year average, and districts increasing performance of low-income students would receive additional weights under the new funding formula.
- **Hold-Harmless and Stability Funding.** AB 1809 establishes a one-year delay for districts experiencing a reduction in their apportionment funding if they are declining in enrollment. For 2018-19, 2019-20, and 2020-21, districts will receive no less in total apportionment than they received in 2017-18, adjusted for cost-of-living. Lastly, the bill specifies that starting in 2021-22, districts will receive no less in apportionment funding per student than they received in 2017.

- **Apportionment.** The budget increases college apportionments by \$378 million Proposition 98 General Fund in 2018-19. Of this funding, \$151 million is for the base allocation, \$24 million is for the hold-harmless provision, and \$35 million is one-time discretionary funding for colleges. The budget also includes \$60 million for one percent enrollment growth.
- **Oversight.** AB 1809 and AB 1840 establish the Community College Student Success Funding Formula Oversight Committee. The committee is comprised of 12 members, with four members to be appointed by the Senate and Assembly each, and four members appointed by the Governor. The committee must review and make recommendations by January 1, 2020 on the inclusion of: (1) first generation college students, (2) the definition of low-income to reflect students in regions with high cost-of-living, and (3) incoming students' levels of academic proficiency in the supplemental allocation of the funding formula. The committee shall also review and make recommendations, by June 30, 2021, on non-credit instruction and instructional service agreements and how districts' allocations could be adjusted if a recession occurs. The committee will sunset on January 1, 2022.

The Chancellor's Office is required to develop a process to monitor the approval of awards, certificates, degrees and transfers, and to develop minimum standards to count towards the funding formula's performance outcome measures.

- **Online Community College.** AB 1809 establishes the Online Community College, and provides \$100 million one-time Proposition 98 General Fund, and \$20 million ongoing Proposition 98 General Fund for this purpose. AB 1809 specifies the college's operations as follows:
  - **Governance.** The Board of Governors will administer the online college, and shall contract with a community college district to establish a separate collective bargaining agreement with employees of the college. Additionally, the Chief Executive Officer of the college must participate in the collective bargaining process. The Chancellor of the California Community College must establish an advisory council to advise the CEO of the online college. The advisory council must include representatives from boards of trustees of community college districts, represented employees, and students attending the online college.
  - **Courses and Programs.** The college must create and offer high-quality online content, courses and programs that provide industry valued credentials and must lead to a pathway offered at a traditional community college. Courses and programs must be competency-based, and the college must provide comprehensive specialized student supports. These programs must not be duplicative of programs offered at other community colleges.
  - AB 1809 requires the Chancellor's Office to review the process used to calculate noncredit and career development college preparation rates, and make recommendations to the Board of Governors on or before January 1, 2019, on how that process may be modified to encourage the use and development of competency-based courses and programs.
  - AB 1809 also requires the Chancellor's Office to conduct a review of the statewide approval process to offer online courses under a flexible calendar, and make recommendations to the board of governors on or before January 1, 2019.

- **Accreditation.** The college must seek accreditation and meet requirements for students to become eligible for financial aid. Specifically, the college must provide an accreditation plan to the Legislature, which identifies the accrediting agency and process to achieve accreditation, and must establish a process to allow students to retroactively obtain credit while the college seeks accreditation. The college must inform potential and enrolled students regarding the implications of taking courses prior to accreditation and how the college will rectify this in the future.
- **Student Fees.** The college must establish an affordable fee structure that does not exceed fees charged by traditional community colleges. The CEO must notify the Legislature at least 60 days prior to when the fee structure is established. Students will be eligible for tuition and fee waivers.
- **Accountability.** The college must follow the same accountability measures and key performance indicators that are applicable to traditional colleges. In addition, the college must report on additional milestones as specified.
- **Online Education Initiative (OEI).** The budget provides \$35 million in one-time Proposition 98 General Fund to provide grants to community college districts to develop online programs and courses that lead to a certificate or credential, or enable a student from the online college to continue their education at a traditional college. AB 1809 requires the OEI to report by April 1, 2020 on specified outcomes and data regarding the use of funds.
- **Student Equity and Achievement Program.** The budget and AB 1809 establish the Student Equity and Achievement Program by combining the Student Success and Support Program, the Student Success for Basic Skills program, and the Student Equity Program, for a total of \$475.2 million Proposition 98 General Fund. 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. AB 1809 also requires colleges to annually report to the Chancellor's office by January 1 on how funding was spent in the prior year, and to assess progress in boosting student achievement. Additionally, AB 1809 requires the Chancellor's Office to submit a system-wide report by April 1, annually, to summarize the district reports.
- **California Science, Technology, Engineering, and Mathematics (STEM) Pathways Grant Program.** AB 1809 provides \$10 million one-time Proposition 98 General Fund to establish a grant program to provide students from grades 9 to 14 with cost-free education focused on STEM careers. The application criteria requires an approved College and Career Access Pathways partnership, curriculum that leads to an associate degree or associate degree for transfer in a STEM field, and a partnership with one or more private businesses that commit to placing students into jobs, among others.
- **Community Colleges Student Success Completion Grant.** The budget creates the CCC 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 provides \$2,000 for students enrolled in 15 or more units. Students must maintain

satisfactory academic progress. AB 1809 requires the Chancellor's Office to report by April 1, 2020 on student and award data regarding the 2018-19 award year. The budget provides an additional \$40 million for this purpose.

- **Financial Aid Administration.** The budget provides \$13.5 million one-time Proposition 98 General Fund to support technology advancements and innovations in financial aid processing and management systems to streamline financial aid verification, including for the Student Success Completion Grant. The budget also provides \$5 million ongoing Proposition 98 General Fund to upgrade the management systems.
- **California College Promise Program.** The budget provides \$46 million to fund Assembly Bill 19 (Santiago), Chapter 735, Statutes of 2017. As a result, colleges meeting specified requirements may use funds to waive fees for first-time full-time community college students who complete the Free Application for Federal Student Aid or the California Dream Act application.
- **Mental Health Services.** The budget provides \$10 million one-time Proposition 98 General Fund to support mental health services and training. AB 1809 specifies that the colleges may collaborate with community-based mental health services and county behavioral health department. The Chancellor's Office must report to the Legislature by March 1, 2019 on use of the funds including recommendations on expansions of programs and services.
- **Veterans Resource Centers.** The budget provides \$8.5 million one-time General Fund to provide grants to Veterans Resource Centers at community colleges. Funds must be used to establish or enhance on-campus centers' activities.
- **Reentry Grant Program.** The budget provides \$5 million one-time Proposition 98 General Fund for the Reentry Grant Program to support current and formerly incarcerated students. AB 1809 specifies application criteria, and requires colleges provide matching funds of at least \$50,000. The Chancellor's Office must report to the Legislature by July 31, 2022 on use of funds, data, and outcomes to evaluate the impact of the program.
- **Open Educational Resources.** The budget provides \$6 million one-time General Fund to the Academic Senate to support the development and expansion of open educational resources at community colleges. AB 1809 requires the Academic Senate to report to the Legislature by February 1, 2022 on the use of the funds.
- **Legal Services.** The budget provides \$10 million one-time General Fund to community colleges to contract with the Department of Social Services for qualified organizations to provide legal services to campuses.
- **Apprenticeship Programs.** AB 1809 allows some apprenticeship programs to receive community college credit funding and requires additional reporting on instructional hours and costs. AB 1809 codifies the California Apprenticeship Initiative New and Innovative Grant Program and gives grant recipients five years to spend initiative funds. The budget also provides \$36.5 million in one-time Proposition 98 General Fund to reimburse local education agencies for unfunded instructional hours in the apprenticeship program.

- **Faculty.** The budget provides \$50 million in one-time Proposition 98 General Fund to support the Part-Time Faculty Office Hours Program. The budget also provides \$50 million Proposition 98 General Fund ongoing to colleges to increase the number of new full-time faculty toward meeting the 75 percent full-time faculty target.
- **Refugee Career Pathways.** The budget provides \$5 million Proposition 98 General Fund one-time to a community college district or a partnership of districts to support refugee career pathways. The Chancellor's Office may develop application criteria for the grant program.
- **Deferred Maintenance and Instructional Materials.** The budget provides \$28.4 million Proposition 98 General Fund one-time for this purpose.
- **Certified Nursing Assistants.** The budget approves the Governor's proposal to provide \$2 million one-time Proposition 98 General Fund to expand certified nursing assistants (CNA) slots. The Chancellor's Office would distribute the funds to the program's seven regional consortia of community colleges based upon each region's projected CNA job openings, number of CNA programs, and enrolled CNA students in 2017-18. The Chancellor's Office estimates that the proposed funding could support about 1,300 enrollment slots.
- **NextUp Program.** The budget approves the Governor's May Revision proposal to increase funding for the NextUp Program by \$5 million Proposition 98 General Fund, which supports current and former foster youth at the community colleges, at up to 20 colleges. This aligns with Senate Bill 20 (Beall), Chapter 772, Statutes of 2017.
- **Innovation Awards.** The budget rejects the Governor's proposed \$20 million in one-time Proposition 98 General Fund for an additional round of innovation awards to community colleges groups.
- **El Camino College Public Training Center.** The budget provides \$10 million in one-time to create the center, which will train local fire, police, emergency management and emergency medical service agencies.
- **Norco College Early Childhood Education Center.** The budget provides \$5 million in one-time Proposition 98 General Fund to build a new center.
- **Tuition for Students with Special Immigrant Visas.** AB 1809 exempts students with special immigrant visas from nonresident tuition at community colleges.
- **College Testing Reporting.** AB 1809 cleans up existing law to allow college testing companies to provide data to an appropriate state agency or post information on company Web sites. Previous statute required the reporting of data to the California Postsecondary Education Commission, which is no longer funded.
- **Other Adjustments and Appropriations.** The budget also provides various augmentations including: \$690,000 in ongoing Proposition 98 General Fund to fund the course identification numbering system, and \$232,000 in ongoing Proposition 98 General Fund increase to support the Academic Senate, and a \$738,000 one-time Proposition 98 General Fund increase for the Puente

Program. The budget also re-appropriates \$8 million Proposition 98 General Fund to support CTE programs in regions with high unemployment, as prescribed in the 2017-18 budget. The budget also reappropriates \$250,000 General Fund from the 2017-18 budget to support the Underground Scholars Program.

- **Chancellor’s Office State Operations.** The budget approves the Governor’s proposal to provide \$2 million General Fund to fund 15 new positions at the Chancellor’s Office.
- **Capital Outlay.** The budget approves the Governor’s budget proposal to approve six new capital outlay projects funded with Proposition 51 funds, as outlined below.

College	Project	Phase	2018-19 Cost	Total Cost*
Mount San Antonio College	New Physical Education Complex	Planning and Working Drawings	\$3.5	\$52
College of the Redwoods	Arts Building replacement	Planning and Working Drawings	\$2.1	\$24.2
Golden West College	Language Arts Complex replacement	Planning and Working Drawings	\$1.7	\$23.7
Laney College	Learning Resource Center replacement	Planning and Working Drawings	\$1.6	\$24.7
Merritt College	Child Development Center replacement	Planning and Working Drawings	\$0.4	\$6.2
Imperial Valley College	Academic Buildings Modernization	Planning	0.4	9
Totals			\$9.7	\$140

\*Dollars in Millions

**Adult Education Program.** The budget provides an increase of \$21.6 million in ongoing Proposition 98 General Fund to reflect a cost-of-living adjustment for the 2017-18 and 2018-19 years and \$5 million for data collection and accountability. The budget also includes the following changes to the adult education program:

- Extends the timeline for regional consortia to develop a new three-year plan to 2019-20 (a one-year extension).
- Caps the amount of indirect (administrative) costs that districts may charge their adult schools or community colleges at five percent or less.
- Renames the Adult Education Block Grant as the Adult Education Program.

- Requires that adult education providers document that they are participating in their regional planning consortia as a condition of receiving state or federal funds. In addition, consortia are required to document that these providers are included in the planning process.
- Of the \$5 million provided for data collection, up to \$500,000 will be used to contract with an external entity to survey adult schools on the fees being charged for different categories of courses and the average cost per student of adult education.
- Finally, trailer bill language specifies that adult education providers and the community colleges must assign statewide student identifiers for students without social security numbers.

### **6980 CALIFORNIA STUDENT AID COMMISSION**

- **Cal Grants for Foster Youth.** The budget provides \$5.2 million ongoing General Fund to expand Cal Grant eligibility for former 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 eight years.
- **Cal Grants for Students Attending Accredited Private For-Profit Institutions.** The budget decreases the Cal Grant award for students attending accredited private for-profit institutions from \$9,084 to \$8,056.
- **Cal Grants for Students Attending Accredited Non-Profit Institutions.** AB 1809 maintains the maximum Cal Grant award for students attending accredited non-profit colleges and universities 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.
- **Middle Class Scholarship Program.** AB 1809 adjusts the appropriations for the program based on caseload and eligibility. The appropriations for the 2016–17 fiscal year adjust to \$71.3 million, 2017–18 fiscal year to \$99.8 million, and 2018–19 fiscal year to \$101.4 million, and would maintain the existing appropriation for the 2019–20 fiscal year and each fiscal year thereafter at \$117 million.
- **Grant Delivery System.** The budget provides \$7.4 million in one-time General Fund to begin the replacement of the Grant Delivery System, of this funding \$5.5 million is for project vendors, and \$1.9 million is for licensing fees, staffing and overhead costs, and fulfillment of certain Department of Technology project requirements. This is the first-year cost of a two-year project.

**0650 OFFICE OF PLANNING AND RESEARCH (OPR)**

- **California Education Learning Lab.** The budget approves the Governor's proposal to provide \$10 million ongoing General Fund to support the California Education Learning Lab within OPR. The program would initially focus exclusively on creating new, and redesigning existing, lower-division online and hybrid courses in science, technology, engineering, and math (STEM) at the three segments. After three years, the program would be permitted to add online and hybrid courses in other disciplines.

***Higher Education Budget Trailer Bills***

1. *Higher Education – Assembly Bill 1809 (Committee on Budget), Chapter 33, Statutes of 2018.*
2. *Education Finance – Assembly Bill 1840 (Committee on Budget), Chapter 426, Statutes of 2018.*

SUBCOMMITTEE 2  
ON  
NATURAL RESOURCES,  
ENVIRONMENTAL  
PROTECTION, ENERGY AND  
TRANSPORTATION

Senate Committee on Budget and Fiscal Review

*Members*

Bob Wieckowski, Chair  
Mike McGuire  
Jim Nielsen  
Henry Stern

*Consultants*

James Hacker  
Joanne Roy

# SUBCOMMITTEE No. 2

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# NATURAL RESOURCES

## 0540 SECRETARY FOR NATURAL RESOURCES AND CROSS-CUTTING ISSUES

The 2018 Budget Act includes the following:

- Makes six limited-term positions permanent within the Bonds and Grants Unit. The funding for these positions is in the California Natural Resources Agency's (CNRA's) baseline budget, which comes from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 bond funds (Proposition 1), Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 funds (Proposition 84) and the Greenhouse Gas Reduction Fund (GGRF).
- Approves \$5.4 million annually from the State Water Resources Control Board's Once-Through-Cooling (OTC) Interim Mitigation Program payments to the Ocean Protection Trust Fund to fund projects necessary to mitigate harm to Marine Protected Areas caused by entrainment and impingement of marine life as a result of OTC. Also makes two limited-term positions permanent.
- Approves \$700,000 Environmental License Plate Fund (ELPF) annually for state operations and four permanent, full-time positions to administer a project-monitoring program within CNRA. The program will conduct ongoing compliance monitoring of projects funded by Agency departments and conservancies.
- Approves \$11.13 million one-time Proposition 1 funds to be appropriated over the life of the bond for auditing services provided by the Department of Finance Office of Audits and Evaluation, of which \$540,000 is appropriated in 2018-19.
- Approves various technical reappropriations, reversions, and baseline appropriation adjustments to continue implementation of previously authorized programs. Also authorizes two new accounting positions for the Department of Forestry and Fire Protection to support administration of bond funds for the Secretary of the Natural Resources Agency.
- Approves the transfer of \$15 million one-time ELPF to the California Ocean Protection Trust Fund to support projects that advance understanding of the impacts of climate change on coastal and ocean ecosystems.
- Approves \$2.92 million from various funds (\$1.78 million one-time, \$1.14 million ongoing) and six positions to establish a new Security Operations Center to address information security and cyber security vulnerabilities and threats.
- Approves \$250,000 ELPF ongoing to implement AB 707 (Aguiar-Curry), Chapter 842, Statutes of 2017.

- Reappropriates the balance of GGRF for Urban Greening projects, with funding available for encumbrance until June 30, 2020.
- Approves \$7.5 million General Fund for the Ocean Protection Council to fund projects to reduce risk of whale and sea turtle entanglement in California's state managed fisheries.
- Approves \$20 million General Fund for Lower Los Angeles River community restoration and revitalization projects. Allows funds to be available for encumbrance or expenditure through the end of 2022-23.
- Approves \$5 million General Fund for CNRA for the Santa Ana River Conservancy.
- Approves \$1.5 million General Fund for the design, engineering, and preliminary permitting for redevelopment of the Maritime Museum site at Star of India Wharf, in the San Diego Harbor.
- Approves \$10 million General Fund for the Midpeninsula Regional Open Space District for the acquisition of ~1,000 acres of land in the Upper Guadalupe.
- Approves \$25,000 General Fund for the Muckenthaler sprinkler system in the City of Fullerton.
- Approves \$5 million General Fund for beach improvements to provide first responder access at Tunitas Creek.
- Approves \$5 million General Fund for the City of San Francisco for the Seawall Earthquake Safety and Disaster Prevention Program.
- Approves \$4 million General Fund for the City of Santa Ana to replace its existing water metering system with an advanced metering infrastructure.
- Approves \$8.5 million General Fund for the City of Lassen to make capital improvements to the former Lassen Courthouse.
- Approves \$1.5 million General Fund for Daly City's Doelger Center Complex.
- Approves \$600,000 General Fund for the City of Colton for the Fireman's Paseo project.
- Approves \$5 million General Fund for Sonoma County to replace a community center destroyed by recent fires.
- Approves \$250,000 General Fund for the Italian American Museum of Los Angeles.
- Approves \$250,000 General Fund for the Museum of Lesbian, Gay, Bisexual, Transgender, and Queer History and Culture.
- Approves \$9.7 million General Fund for the Cheech Marin Center for Chicano Art, Culture & Industry.

- Approves \$250,000 General Fund for the Oakland Museum.
- Approves \$2 million General Fund for the Stanislaus County Camp Taylor.
- Approves \$800,000 ELPF annually for two years, and \$450,000 ongoing to implement the Open and Transparent Water Data Act (AB 1755 (Dodd), Chapter 506, Statutes of 2016).
- Approves trailer bill language (TBL) to implement CNRA's report pursuant to AB 142 (Bigelow), Chapter 661, Statutes of 2015, which recommends adding 37 miles of the upper Mokelumne River to the California Wild and Scenic Rivers System.

### PROPOSITION 68 FUNDING

SB 5 (de León), Chapter 852, Statutes of 2017, established the Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018, which authorizes the state to sell a total of \$4.1 billion in general obligation bonds for natural resources-related purposes including parks, habitat restoration, and water projects. This measure became Proposition 68 on the June 2018 election ballot and was approved by California voters. The Act specified the following funding allocations:

<b>Proposition 68 FUNDING ALLOCATIONS</b>		
<b>Chapter</b>	<b>Purpose</b>	<b>Amount (in Millions)</b>
2	Investments in environmental and social equity, enhancing disadvantaged communities	\$725
3	Investments in protecting, enhancing, and accessing local and regional outdoor spaces	285
4	Restoration, preservation, and protection of existing state park facilities and units	218
5	Trails and greenway investments	30
6	Rural recreation, tourism, and economic enrichment investment	25
7	Grants pursuant to the California River Parkways Act of 2004 and the Urban Streams Restoration Program	162
8	To the state conservancies, Wildlife Conservation Board, California Natural Resources Agency, and the Salton Sea Authority for specified purposes	767
9	Ocean, bay, and coastal protection	175
10	Climate preparedness, habitat resiliency, resource enhancement, and innovation	443
11	Clean drinking water and drought preparedness	250
11.1	Groundwater sustainability	80
11.5	Flood protection and repair	550
11.6	Regional sustainability for drought and groundwater, and water recycling	390
<b>TOTAL</b>		<b>\$4,100</b>

The 2018-19 Budget Act appropriates over one-quarter of the bond, including \$1.26 billion for 20 departments. Investments were approved in the following general categories:

- \$511 million in state and local park improvements;
- \$373 million in ecosystem restoration and climate resiliency; and,
- \$356 million for the Water Action Plan.

The chart below shows a further breakdown of programmatic investments for the budget year:

### 2018-19 Funding From Proposition 68 Resources Bond

(In Millions)

Department	Primary Uses	Amount
Parks and Recreation	Local and state parks	\$482.6
Water Resources Control Board	Groundwater cleanup and management, safe drinking water	177.3
Water Resources	Flood protection, groundwater recharge	160.8
Natural Resources Agency	Salton Sea, river and parkway recreation, green infrastructure	126.2
Wildlife Conservation Board	Habitat conservation	71.9
Coastal Conservancy	San Francisco Bay restoration, coastal forests	53.7
Sierra Nevada Conservancy	Watershed Improvement Program, habitat restoration	36.3
Santa Monica Mountains Conservancy	Habitat restoration, LA River restoration	34.0
Food and Agriculture	Water efficiency, healthy soils	31.0
Fish and Wildlife	River and wetland restoration	23.6
Ocean Protection Council	Marine wildlife, assisting coastal communities	20.3
Forestry and Fire Protection	Urban forestry	14.6
Conservation Corps	Parkway restoration, grants to local corps	9.8
San Gabriel Mountains and LA River Conservancy	LA River restoration	8.7
Tahoe Conservancy	Upper Truckee River and Marsh restoration	3.2
Conservation	Agricultural conservation	2.2
Baldwin Hills Conservancy	Habitat restoration	1.2
Sacramento-San Joaquin Delta Conservancy	Economic development	1.1
Coachella Valley Mountains Conservancy	Habitat restoration	0.2
San Diego River Conservancy	San Diego River restoration	0.1
Various	Statewide bond administration	1.4
<b>Total</b>		<b>\$1,260.0</b>

LA = Los Angeles.

\*Source: Legislative Analyst's Office

Among the Proposition 68 appropriations approved for 2018-19, the 2018 Budget Act specifically approves:

- **CNRA: Various programs**, as follows:
  - \$28.75 million for river recreation, creek, and waterway improvements;
  - \$9.25 million for competitive grants for the California River Parkways Program;
  - \$10 million for grants related to marine wildlife and healthy ocean and coastal ecosystems;
  - \$10 million for projects that assist coastal communities, consistent with Public Resources Code §80133(a);
  - \$18.5 million for multi-benefit green infrastructure investments;
  - \$5 million to the Butte Flood Control Agency to conduct sediment management in the Feather River;
  - \$39 million to provide competitive grants for purposes consistent with Public Resources Code §80137(a); and,
  - \$30 million for Salton Sea Management Program Restoration Activities. (For more detail regarding this appropriation, please see “*DWR: Salton Sea Management Program Phase 1 implementation*” below.)
- **CNRA: Department of Parks and Recreation, and Department of Water Resources: Lifetime statewide bond costs.** First year staffing and funding needs of eight positions and \$1.362 million in bond funding for CNRA, Department of Parks and Recreation, and the Department of Water Resources.
- **California Conservation Corps: Corps projects and local assistance grants.** \$5.18 million for projects and associated planning, monitoring, and administration consistent with Public Resources Code §80136.
- **Department of Conservation: Land resource protection.** \$2 million for competitive grants to initiate and conduct agricultural conservation activities, consistent with Public Resources Code § 80134(c).
- **Department of Fish and Wildlife (DFW): Habitat restoration and protection.** \$4.41 million for grants for Habitat Restoration and Protection, consistent with Public Resources Code § 80132(d).
- **DFW: Southern California Steelhead Habitat.** \$8.82 million for grants for the Southern California Steelhead Habitat, consistent with Public Resources Code §80132(e).
- **DFW: Fisheries protections.** \$8.8 million to DFW shall be available for grants to improve fish and wildlife habitat conditions, consistent with Public Resources Code §80132(g).
- **Department of Forestry and Fire Protection: Urban forestry program.** \$13.56 million one-time to provide local assistance grants for urban forestry projects consistent with Public Resources Code §80135(b).

- **Department of Parks and Recreation (Parks): Safe neighborhood parks local assistance.** \$3.16 million one-time for support and \$460.29 million for local assistance in 2018-19 for program delivery staff to manage and oversee several Proposition 68 grant programs.
- **Parks: State park system scoping, planning and redwood reforestation.** \$4.19 million one-time and three positions in 2018-19 to undertake scoping and planning for critical State Park System projects and for a critical redwood reforestation partnership.
- **Department of Water Resources (DWR): Various activities.** A total of \$20.73 million as follows:
  - \$2 million for the Floodplain Management, Protection and Risk Awareness Program;
  - \$2.5 million for using flood water for groundwater recharge;
  - \$15.5 million for drought and groundwater investments to achieve regional sustainability;
  - \$537,000 for Urban Streams Restoration Program; and,
  - \$188,000 for statewide bond costs for implementing Proposition 68.
- **DWR: Local assistance.** \$46.25 million for local assistance for purposes of drought and groundwater investments to achieve regional sustainability.
- **DWR: Multi-benefit flood risk reduction: capital outlay.** \$94 million for multi-benefit capital outlay projects that achieve public safety improvements and measureable fish and wildlife enhancement, as follows:
  - \$25 million for Urban Flood Risk Reduction Program; and,
  - \$69 million for Systemwide Flood Risk Reduction Program.
- **DWR: Salton Sea Management Program Phase 1 implementation.** \$30 million in Reimbursement Authority (\$23.9 million in capital outlay and \$6.1 million in state operations). DWR will be reimbursed from CNRA appropriation from Proposition 68. The authority will be used to construct water management infrastructure and habitat conservation and dust mitigation projects pursuant to the CNRA Salton Sea Management Phase I 10-year Plan and required by the State Water Resources Control Board Stipulated Order WRO 2002-0013. The reimbursement authority will provide DWR the resources needed to implement the design, construction, and construction management for the 1,000 acres of aquatic habitat/dust mitigation and construct water supply infrastructure required for the full implementation of the Salton Sea Management Program Plan and support 13 existing full-time equivalent positions.
- **Baldwin Hills Conservancy: Support and local assistance.** \$1.1 million for local assistance grants and \$135,000 for state operations for watershed protection, habitat restoration, acquisition, and park improvements in the Ballona Creek/Baldwin Hills Watershed and support an existing Park and Recreation Specialist position.
- **California Tahoe Conservancy: Upper Truckee River and Marsh Restoration Project.** \$3.2 million for the Upper Truckee River and Marsh Restoration project. The total cost estimate is

\$10.37 million. This approval also includes a reversion of \$1.08 million from the unencumbered balances of various appropriations from 2014-15 through 2017-18.

- ***Sacramento-San Joaquin Delta Conservancy: Economic development in the Delta.*** \$1.1 million and two positions provide local assistance grants to support economic development, outreach and education, and technical assistance in the Delta.
- ***San Diego River Conservancy: Appropriation for program delivery.*** \$50,000 for program delivery in 2018-19 in order to support the Conservancy's implementation of its statutory authorization, mission and strategic plan – in particular, by continuing to conserve land, offer outdoor recreation and provide public access to trails and other open space, outdoor recreation and public educational opportunities along the San Diego River watershed. This will provide funding for one new position to support implementation of the local assistance grants program. It is anticipated that grant funds will be awarded over a nine-year period beginning with 2019-20 and that ongoing administration will continue through 2029-30.
- ***San Gabriel and Lower Los Angeles River and Mountains Conservancy: Los Angeles River watershed and tributaries.*** \$8.675 million with allocations for state operations and \$8.245 million for local assistance in 2018-19 to begin implementation of projects consistent with Proposition 68 and the Watershed and Open Space Plan for the San Gabriel and Los Angeles Rivers.
- ***Santa Monica Mountains Conservancy: Los Angeles River Watershed and Tributaries Program.*** \$300,000 for state operations and \$8.38 million for local assistance to be available for encumbrance and expenditure until June 30, 2020. Funds will be used for the implementation of the Santa Monica Mountains Comprehensive Plan, the Rim of the Valley Trails Corridor master Plan, the Los Angeles County River Master Plan, the San Gabriel and Los Angeles Rivers Watershed and Open Space Plan, and to further cooperation with local governments in the region to secure open space and parkland, to expand efforts to integrate nature into the urban environment and to expand education, public access, and resource stewardship components in a manner that best serves the public, protects habitat and provides recreational opportunities.
- ***Santa Monica Mountains Conservancy: Triangle Ranch acquisition.*** \$300,000 for support and \$25 million for local assistance to be available for encumbrance and expenditure until June 30, 2020.
- ***Sierra Nevada Conservancy: Watershed improvement program and conservancy projects.*** \$20.63 million for local assistance to implement the Sierra Nevada Watershed Improvement Program.
- ***Sierra Nevada Conservancy: Administration of Proposition 68 grants.*** \$5.05 million for planning, monitoring, and administration of grants.
- ***Sierra Nevada Conservancy: Forest Carbon Plan.*** \$10.68 million for grants consistent with the recommendations of the Forest Carbon Plan.

- ***State Coastal Conservancy (SCC): San Francisco Bay wetlands restoration.*** \$19.5 million for wetlands restoration in the San Francisco Bay, consistent with Public Resources Code §80110(b)(10). Not more than \$1 million of this amount may be used for program delivery costs, and not more than \$2 million may be used for planning and monitoring costs.
- ***SCC: San Francisco Bay wetlands restoration.*** \$5.5 million for San Francisco wetlands restoration, consistent with Public Resources Code §80120(d).
- ***SCC: Santa Margarita River.*** \$9.75 million for Santa Margarita River Parkway for purposes consistent with Public Resources Code §80100(a)(6).
- ***SCC: San Francisco Bay Area Conservancy.*** \$4.87 million, as follows: \$2.94 million for purposes consistent with Public Resources Code §80120(d) and \$1.94 for purposes consistent with Public Resources Code §80133(b).
- ***SCC: Coastal forest watershed projects.*** \$19.43 million for coastal forest watershed projects that are consistent with Public Resources Code §80120(e). Not more than \$930,000 of this amount may be used for program delivery costs, and not more than \$2 million may be used for planning and monitoring costs.
- ***State Water Resources Control Board: Water quality improvement projects.*** \$175.92 million for local assistance, as follows:
  - \$35 million for expenditures, grants and loans, for projects to improve water quality or help provide clean, safe, and reliable drinking water;
  - \$27.25 million for grants to regional water supply projects in the San Joaquin River hydrologic unit;
  - \$74 million for competitive grants for projects for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water;
  - \$9.67 million for technical assistance for drought and groundwater investments; and,
  - \$30 million for the Pure Water Program for the City of San Diego.
- ***California Department of Food and Agriculture (CDFA): Fair and agricultural activities.*** \$29.61 million for local assistance for fair and county agricultural activities.
- ***Wildlife Conservation Board (WCB): Planning, monitoring, and administration.*** \$2 million for planning, monitoring, and administration of various local assistance grants and projects, including the Lower American River Conservancy Program; University of California Natural Reserve System; Pacific Flyway habitat and restoration; and for the protection, improvement, and restoration of the Sierra Nevada and Cascade Mountains.
- ***WCB: Various activities.*** \$39 million, as follows:
  - \$2 million for the development of regional conservation investment strategies;
  - \$26 million to facilitate the implementation of natural community conservation plans;

- \$4 million for matching grants to the University of California Natural Reserve System; and,
  - \$7 million for projects according to WCB's governing statutes for its specified purposes consistent with Public Resources Code §80111(d).
- **WCB: *Wildlife corridor infrastructure.*** \$10 million for wildlife corridor infrastructure projects consistent with Public Resources Code §80132(e).

### **3100 CALIFORNIA SCIENCE CENTER**

- Approves TBL for funding Phase III of the Science Center and TBL to change the governance structure at Science Center and Exposition Park.

### **3110 SPECIAL RESOURCES – TAHOE REGIONAL PLANNING AGENCY**

- Approves \$74,000 ELPF ongoing for salary merit increases for Tahoe Regional Planning Agency staff.

### **3340 CALIFORNIA CONSERVATION CORPS (CCC)**

- Approves \$1.09 million (\$600,000 General Fund, \$491,000 Collins-Dugan Reimbursement Account (CDRA)) for three years and 14 positions to strengthen career pathway services and mental health and substance abuse counseling through partnerships.
- Approves \$321,000 (\$177,000 General Fund, \$144,000 CDRA) one-time, \$316,000 (\$175,000 General Fund, \$141,000 Collins-Dugan Reimbursement Account) ongoing, and three positions to support increased workload due to the new database system, FISCAL and other new compliance obligations by the California Department of Human Resources.
- Approves \$1.05 million (\$577,000 General Fund, \$468,000 CDRA) one-time, \$845,000 (\$466,000 General Fund, \$379,000 CDRA) ongoing, and seven positions to provide ongoing facility needs at the residential and non-residential centers and to comply with Executive Order B-18-12 and the Green Building Action Plan.
- Approves \$344,000 CDRA one-time to replace the foundation infrastructure for the Greenwood Center.
- Approves \$2.87 million General Fund one-time to fund the preliminary plan phase to replace the existing Ukiah Residential Center located in Mendocino County, which was built in the 1930s.
- Approves \$169,000 General Fund to acquire a two-story building (about 9,800 square feet) situated on one acre owned by the City of Los Angeles.

- Approves \$1.05 million General Fund for preliminary plans to renovate the existing Fortuna Residential Center located in Humboldt County to address functional and structural deficiencies, and to add a new multipurpose building.
- Approves \$9.6 million General Fund in 2018-19, \$7.4 million General Fund ongoing, and 11 positions to:
  - Make one existing fire crew at the Butte Fire Center available to CalFire, and to add an additional training Fire Captain.
  - Make two existing fire crews at the Camarillo Fire Center available to CalFire, and to remedy staffing deficiencies.
  - Make two fire crews at the Placer Center that were temporarily funded from the drought augmentation available to CalFire as fire crews.
- Approves \$4.75 million General Fund for the working drawings (\$256,000) and construction (\$4.49 million) phases of a project to construct a new kitchen, multipurpose building and dormitory at the Auburn-Placer Residential Center located in Placer County.
- Approves reappropriation of Public Buildings Construction Fund monies and extension of the liquidation period for the construction phase of the Delta Service District Center project for a new residential facility located in San Joaquin County to June 30, 2019.
- Approves \$9.04 million General Fund to begin a major expansion of the CCC's residential center program by building four new residential centers. Specifically:
  - \$4.294 million for acquisition and preliminary plans for the Auberry Center;
  - \$3.172 million for preliminary plans for the Greenwood Center;
  - \$1.373 million for preliminary plans for the Los Piños Center; and,
  - \$200,000 for the study phase of the Yountville Center.
- Approves TBL to require CCC to report annually on corpsmember outcomes beginning in 2020.

### **3460 COLORADO RIVER BOARD OF CALIFORNIA**

- Approves one permanent, full-time office technician position to address increasing workload associated with routine and clerical functions in the Administrative Unit. The cost of the position will be absorbed within existing reimbursement authority.

### **3480 DEPARTMENT OF CONSERVATION (DOC)**

- Approves \$831,000 ongoing from the Oil, Gas, and Geothermal Administrative Fund (OGGAF) to pay the increased leasing costs for the new facilities in Long Beach.

- Approves \$509,000 Mine Reclamation Account funding in 2018-19, \$951,000 in 2019-20 and ongoing, and four positions for increased mineral and land classification activities. Approves TBL to require DOC to post mineral land classification and designation online.
- Approves \$1.96 million California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2000 bond fund (Proposition 40) one-time for local assistance and approves a decrease of \$1.2 million in the current Proposition 40 support appropriation from \$488,000 to \$250,000 from 2018-19 thru 2020-21; and reduces \$488,000 support funds to \$0 in 2021-22.
- Approves \$1.65 million OGGAF in 2018-19, \$1.6 million annually from 2019-20 until 2021-22, and \$598,000 2022-23 and ongoing, to develop and implement a Deserted Well/Facility Plugging and Remediation Program and to carry out additional deserted well and production facility work required in SB 724 (Lara), Chapter 652, Statutes of 2017.
- Approves \$495,000 Strong-Motion Instrumentation and Seismic Hazards Mapping Fund one-time to initiate the tsunami hazard zone delineation tasks legislatively mandated by the Seismic Hazard Mapping Act of 1990, and prepare probabilistic tsunami hazard inundation maps for utilization in the 2019 update of the California Building Code in the design of critical and essential facilities.
- Approves \$15.01 million OGGAF in 2018-19 to continue the development and implementation of Well Statewide Tracking and Reporting (WellSTAR), a centralized database system to help run operations and meet the requirements of recent legislation.
- Approves \$1.21 million OGGAF ongoing, and six permanent positions to develop the new Centralized Statewide Enforcement Program.
- Approves \$4.25 million OGGAF in 2018-19, \$3.66 million in 2019-20 and ongoing, and 21 positions to increase inspections and enforcement, assess and mitigate the risk of urban encroachment on oil and gas fields, and work with local agencies to assist with the protection of water resources.
- Approves TBL to increase the reserve limit of the Soil Conservation Fund from \$2.54 million to \$5 million in order to insulate DOC's farmland conservation programs from volatility.
- Approves TBL to require DOC to report annually on the completion of mandated oversight activities.
- Approves TBL to require DOC to post data on mineral land classifications and designations online.

### **3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CalFire)**

- Approves \$5.61 million General Fund one-time for various capital outlay projects, as follows:
  - \$500,000 for the study phase to replace the Intermountain Conservation Camp in Lassen County;
  - \$1.26 million for the preliminary plans to replace the existing Prado Helitack Base in San Bernardino County;

- \$2.5 million for the acquisition phase to relocate the existing Steven's Creek Fire Station in Santa Clara County to the Alhambra Valley Fire Station in Contra Costa County;
  - \$900,000 for the acquisition phase to replace the existing Higgins Corner Fire Station in Nevada County;
  - \$383,000 for the preliminary plans to replace the kitchen/dining facility at the Ishi Conservation Camp; and,
  - \$70,000 for the preliminary plans and working drawings to remodel the Perris Emergency Command Center in Riverside County.
- Approves \$3.59 million (\$2.3 million General Fund, \$1.21 million Reimbursements, and \$67,000 Special Funds) and 21 positions to: (1) support workload associated with increased fiscal activity and demands; (2) address control agency audits; (3) reduce backlogs; and, (4) support ongoing departmental operations.
  - Approves \$9.35 million ongoing General Fund for the permanent funding of 34.3 seasonal Fire Captain positions that were funded on a two-year limited-term basis in 2016-17.
  - Approves \$4.03 million General Fund, six permanent positions, and 6.1 ongoing temporary help positions to staff and operate the McClellan Reload Base for the rapid deployment.
  - Approves \$2.92 million one-time in lease revenue bond funds for the construction phase of the project to replace the existing Bieber Forest Fire Station/Helitack Base (located in Lassen County).
  - Approves the reappropriation of funding authority for the construction phase of the San Mateo/Santa Cruz Unit Headquarters Relocation Automotive Shop and the working drawing and construction phases of the San Luis Obispo Unit Headquarters Replacement projects.
  - Approves \$604,000 General Fund in 2018-19, \$507,000 in 2019-20, and \$486,000 in 2020-21 and ongoing, and three positions to address the increased workload related to telecommunications systems.
  - Approves \$383,000 General Fund for the working drawings phase of this project to replace the kitchen/dining facility that was destroyed by fire at the existing state-owned Ishi Conservation Camp located in Tehama County.
  - Approves an additional \$494,000 General Fund for the preliminary plans (\$110,000) and working drawings (\$384,000) phases of this project to install radio towers and vaults at seven telecommunication sites throughout the state. For working drawings, approves a reversion of the existing appropriation of \$1.76 million and a new appropriation of \$2.14 million.
  - Approves \$2.07 million Public Buildings Construction Fund for the working drawings (\$50,000) and construction (\$2.02 million) phases of the project to replace the existing Westwood Fire Station located in Lassen County.

- Approves an augmentation of \$4.1 million (\$4.02 million General Fund and \$115,000 various special funds) starting in 2018-19 to fund increased workers' compensation costs based on a historical average of expenditures from 2014-15 to 2016-17 and projected 2017-18 expenditures.
- Approves \$425,000 Timber Regulation and Forest Restoration Fund ongoing for effectiveness monitoring assistance to evaluate the effectiveness of the Forest Practice Act and associated statutes or regulations in the protection of public trust resources during commercial timber harvest on nonfederal forestlands.
- Approves \$4.2 million General Fund one-time, upon approval by DOF, for the estimated increased costs to the workers' compensation budget and to cover fill behind costs for injured workers, as required by SB 334 (Dodd), Chapter 857, Statutes of 2017. Funding to implement SB 334 will annually be one-time until there is data that shows the incremental increases directly related to SB 334 and the enhanced industrial disability leave benefit.
- Approves \$3.82 million General Fund one-time to perform five projects that include the following:
  - Demolish an existing resource management trailer in the Mendocino Unit and design and construct a new administration building;
  - Replace critical infrastructure items at the Hermit Springs and Skull Creek Fire Stations;
  - Replace underground water distribution lines and the telephone/signal conduits at Parlin Fork Conservation camp;
  - Renovate existing deteriorated shower and restroom facilities in inmate dormitories at the Mt. Bullion and Rainbow Conservation Camps; and,
  - Replace the existing electrical generation system at Wilbur Springs Fire Station.
- Approves \$9.6 million General Fund annually for two years to replace all state engine self-contained breathing apparatus units and \$1 million annually thereafter for maintenance, repair, and replacement of the units.
- Approves \$9.6 million General Fund in 2018-19, \$7.4 million General Fund ongoing, and 11 positions to:
  - Make one existing fire crew at the Butte Fire Center available to CalFire, and to add an additional training Fire Captain.
  - Make two existing fire crews at the Camarillo Fire Center available to CalFire, and to remedy staffing deficiencies.
  - Make two fire crews at the Placer Center that were temporarily funded from the drought augmentation available to CalFire as fire crews.
- Approves \$400,000 General Fund for the acquisition of a 29-acre parcel from a private party to serve as buffer land for the existing Howard Forest Helitack Base located in Mendocino County.
- Approves \$1.65 million General Fund one-time for a forthcoming follow-on contract for aviation logistics support, parts, and services for 2018-19 through 2020-21.

- Approves \$3.59 million General Fund for 2018-19, \$11.8 million and 15 positions ongoing in 2019-20, \$10.54 million in 2020-21, \$15.01 million in 2021-22, \$14.59 million in 2022-23, and \$13.79 million in 2023-24 for the acquisition of 11 helicopters to replace the existing fleet of Super Huey helicopters.
- Reappropriates the unencumbered balance of the funding appropriated pursuant to Control Section 6.10 of the Budget Act of 2016, to provide an additional year to complete deferred maintenance projects.
- Approves \$10.9 million General Fund and 52 positions starting in 2018-19 to provide heavy equipment mechanics, vehicle maintenance funding, and associated administrative support staff.
- Approves an increase of \$4.03 million in reimbursement authority and 15 positions to support the Office of the State Fire Marshal's Fire and Life Safety Division's increased workload related to its plan review, construction inspection, and mandated interval inspection activities.
- Approves \$3.6 million ELPF one-time for Office of the State Fire Marshal for disposal of illegal fireworks. Rejects TBL to create the Fireworks Stewardship Program.
- Approves \$3 million General Fund one-time for mobile equipment replacements.
- Approves \$16 million General Fund to augment CalFire's Mobile Equipment Replacement Budget Change Proposal.
- Approves \$500,000 General Fund for CalFire for the County of San Bernardino for a Type 3 Wildfire Engine.
- Approves \$10 million General Fund for community-based fire prevention work.
- Approves budget bill language to extend the California Underground Facilities Safe Excavation Board (Board) loan repayment due date by two years, from July 1, 2019 to July 1, 2021, to provide a more reasonable repayment schedule from the non-profit one-call center fee payers' (private and municipal utilities) rates over three years instead of one.
- Approves technical cleanup TBL to correct a fund name by amending Public Resources Code § 4213.05 from "State Responsibility Area Fire Responsibility Fund," to "State Responsibility Area Fire Prevention Fund."
- Approves TBL to clean up a technical drafting error in statute made in a previous trailer bill. This change will: (1) clarify that the Board cannot take enforcement action until July 1, 2020, and (2) authorize the Board to undertake investigations prior to July 1, 2020 consistent with the previous funding approved for the Board, which included authorization of 12 investigator positions starting on July 1, 2018.

**3560 STATE LANDS COMMISSION (SLC)**

- Approves \$2 million ELPF annually to continue operations and management of the Bolsa Chica Lowlands Restoration Project in Orange County.
- Approves \$2 million ongoing from tideland oil and gas revenues be transferred to the Land Bank Fund to implement its coastal hazard and legacy oil and gas well removal and remediation program, as required by SB 44 (Jackson), Chapter 645, Statutes of 2017.
- Approves \$340,000 ELPF annually for two years for records digitization and long term digital records preservation.
- Approves \$3.05 million General Fund one-time to fund the State's obligation to pay a proportionate share of certain ongoing hazardous waste remediation costs at Selby, California. Pursuant to a 1989 Consent Judgment, SLC's share of these costs is 38 percent.
- Approves \$2.04 million General Fund one-time for the Spatially Indexed Records Management System project, which will digitize and preserve historic state sovereign land ownership records.
- Approves \$108.5 million General Fund over three years to permanently secure, plug and abandon, and decommission oil wells and facilities, located onshore and offshore, in Santa Barbara and Ventura Counties. Specifically, funding is provided at \$58 million in 2018-19, \$40 million in 2019-20, and \$10.5 million in 2020-21.
- Approves \$250,000 Lake Tahoe Science and Lake Improvement Account one-time to contract for an independent study and evaluation of rent-setting methodologies to inform SLC's leasing practices for sovereign land at Lake Tahoe.
- Approves \$500,000 General Fund to implement AB 691 (Muratsuchi), Chapter 592, Statutes of 2013), which requires a local trustee of granted public trust lands, which has annual gross public trust revenues that exceed \$250,000, to prepare and submit to SLC an assessment of how it proposes to address sea level rise.
- Approves TBL to create the Martins Beach Subaccount in the Land Bank Fund, and require that moneys received from public and private sources, including nonprofit sources. Approves SLC to transfer \$1 million from the Kapiloff Fund into the Martins Beach Subaccount. The purpose of the subaccount and funding is to acquire a right-of-way or easement at Martins Beach to provide public access to the beach and to offset costs associated with the acquisition such as environmental studies, analyses, and assessments.
- Approves TBL to authorize the SLC executive officer to issue a certificate of compliance for certain conveyances.

**3600 DEPARTMENT OF FISH AND WILDLIFE (DFW)**

- Approves a reversion of \$6.9 million Proposition 84 funds appropriated in 2015-16. DFW received \$12.7 million in 2015-16 of which the balance would not have reverted until June 30, 2020.

- Approves a reversion of \$5.7 million Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 bond funds (Proposition 50) appropriated in 2015-16 and 2016-17. Approves a new appropriation of \$14.39 million Proposition 50 funds that were appropriated in 2013-14 and 2016-17.
- Approves \$3.94 million in reimbursement authority for DFW to enter into an agreement with the California Department of Water Resources, to support 17 existing positions currently funded by Proposition 84.
- Approves a one-time increase of \$1 million Fish and Game Preservation Fund (FGPF) in 2018-19 dedicated accounts and a decrease of \$688,000 ongoing, to better align the program expenditures of 11 dedicated accounts with associated revenues in order to maintain stability and structural balance.
- Rejects the Administration's January Budget proposal of \$50.6 million ongoing funding (\$6.6 million General Fund, \$18 million Motor Vehicle Account, and \$26 million Tire Recycling Management Fund (TRMF)) to FGPF for purposes of: (1) addressing the structural deficit in FGPF (\$19.6 million); and, (2) improving and expanding DFW's program activities (\$31 million).

Instead, approves a total of \$29.6 million on a three-year limited-term basis (\$24.6 million General Fund and \$5 million TRMF) with provisional language, TBL, and \$2 million General Fund one-time for DFW to contract with an independent entity to conduct a service based budget review, consult on the development of a budget tracking system, and for the department to fund a statewide department management team to participate in the service based budget review and develop the budget tracking system. The scope and timeline for this review is detailed in the resources trailer bill, SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018.

- Approves \$3.94 million reimbursement authority to enter into an agreement with the California Department of Water Resources, to support 17 existing positions currently funded by Proposition 84.
- Approves \$5 million General Fund for DFW's California Waterfowl Habitat Program to include working agricultural rice fields.
- Approves \$2.5 million General Fund for the Bio-Diversity Initiative.

### **3640 WILDLIFE CONSERVATION BOARD (WCB)**

- Approves \$1 million Wildlife Restoration Fund for minor capital outlay projects within WCB's Public Access Program.
- Approves \$3 million General Fund to provide grants and technical assistance for the purpose of recovering and sustaining populations of monarch butterflies and other pollinators.

**3720 CALIFORNIA COASTAL COMMISSION**

- Approves \$55,000 ELPF one-time to enhance marketing and increase revenue of the Whale Tail License Plate.
- Approves \$1.41 million General fund ongoing for increased leasing costs at its combined Headquarters and North Central Coast District office (headquarters) located in San Francisco with provisional language.

**3760 STATE COASTAL CONSERVANCY (SCC)**

- Approves one three-year limited-term position to manage a capital outlay project on the state-owned Bel Marin Keys property in Marin County.
- Approves \$200,000 Coastal Access Account ongoing to increase the current service level from \$550,000 to \$750,000.
- Approves \$225,000 ELPF ongoing to support the Explore the Coast grant program.
- Approves \$293,000 ELPF for three years and two positions for state operations to support the implementation of the new Lower Cost Coastal Accommodations Program.
- Approves \$1 million ELPF ongoing to increase SCC's baseline budget and \$600,000 in Proposition 50 funds for state operations.
- Approves \$12.44 million Proposition 84 funding for local assistance.
- Approves \$6 million General Fund to implement a beneficial reuse pilot program.
- Approves \$3.9 million General Fund for the Ellwood Mesa Habitat Management Plan and Restoration.

**3780 NATIVE AMERICAN HERITAGE COMMISSION (NAHC)**

- Approves \$643,000 General Fund and 10 positions ongoing, in 2018-19 and \$1.29 million General Fund in 2019-20 and ongoing, to implement state and federal statutes governing Native American tribal rights.

**3790 DEPARTMENT OF PARKS AND RECREATION (PARKS)**

- Approves \$1.66 million one-time in Federal Trust Fund authority to acquire approximately 17,000 acres of private inholdings from the Anza-Borrego Foundation. The total amount for these acquisitions is anticipated to be \$4.82 million.

- Approves \$100,000 one-time in reimbursement authority for the working drawings phase to relocate approximately five existing campsites to a new location within the Calaveras Big Trees State Park, which will include leach field replacement, as needed.
- Approves \$519,000 State Parks Protection Fund one-time to continue efforts in establishing the Community Outreach and California History Interpretation pilot programs.
- Approves a decrease of \$902,000 ongoing reimbursement authority and seven positions in 2018-19. These resources were requested through a proposal included in the Governor's budget which Parks requests to be withdrawn.
- Approves a reversion of \$3 million back to Proposition 84. These funds were unencumbered existing Capital Outlay appropriations for the El Capitan SB: New Lifeguard Headquarters project.
- Approves \$42,000 one-time from the Off-Highway Vehicle Trust Fund (OHVTF) for working drawings to upgrade and enhance an existing 4x4 obstacle course at Hungry Valley State Vehicular Recreation Area (SVRA). Improvements to the facility will provide a variety of experiences and challenges to meet the growing demand of the Off-Highway Vehicle community.
- Approves \$400,000 one-time in reimbursement authority from the Harbors and Watercraft Revolving Fund to cover a contract with the Department of Water Resources for Enhanced Control of Aquatic Weeds for the Delta Smelt Resiliency Strategy.
- Approves \$132,000 Harbors and Watercraft Revolving Fund one-time for working drawings to replace a boat ramp at Lake Del Valle State Recreation Area. The existing boat ramp is over 40 years old and deteriorating to a condition where it poses a public safety risk.
- Approves \$91,000 Proposition 84 one-time for working drawings to upgrade the aged and failing infrastructure in Gold Flat Campground. This project will replace the outdated electrical and water distribution systems, install data conduit for future use, and overlay campground roads and campsite spurs at this popular campground.
- Approves \$3.47 million Proposition 40 one-time for the preliminary plans, working drawings, and construction phases of this project a soil remediation project at Los Angeles State Historical Park. This project will perform remediation of the arsenic and lead contamination in the soil remaining after initial clean-up through the Phase I Build-Out project completed in 2017.
- Approves \$375,000 Proposition 84 one-time for the working drawings phase of the New Stokes Creek Bridge project. This continuing project will replace an existing, undersized arch culvert, with a bridge to restore a secondary escape route for park visitors in the event of fire or other emergencies, reduce deferred maintenance costs and disruption to campers, and restore the creek to its natural configuration.
- Approves \$276,000 Proposition 40 one-time for the working drawings phase to develop two adjoining group camps at McArthur-Burney Falls Memorial State Park, as identified in the June 1997 General Plan.

- Approves \$155,000 Harbors and Watercraft Revolving Fund one-time for working drawings to improve the existing beach launch at Mendocino Headlands State Park.
- Approves \$146,000 OHVTF one-time for working drawings to develop a lifeguard tower headquarters at Oceano Dunes SVRA.
- Approves \$108,000 OHVTF one-time for the preliminary plans phase to rehabilitate the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use.
- Approves \$106,000 OHVTF one-time for the preliminary plans and working drawings phases to convert this existing minor capital outlay Ocotillo Wells SVRA project to a major capital outlay project. For an Auto shop addition.
- Approves \$109,000 OHVTF one-time for the working drawings phase of the Ocotillo Wells SVRA project. For the homeless camp water and system upgrade.
- Approves \$36.3 million one-time and \$2 million ongoing from special and federal funds (\$35 million OHVTF, \$2 million Recreational Trail Fund, \$1.3 million Public Beach Restoration Fund), for various local assistance programs.
- Approves \$200,000 Proposition 40 one-time for Picacho State Recreation Area study phase to evaluate the park's current and future electrical power needs, including redundant backup, and determine sustainable options for providing reliable and cost effective electrical power at this remote location.
- Approves \$136,000 OHVTF one-time for the working drawings phase to replace an entrance station kiosk in the North Beach Campground at Pismo State Beach.
- Approves \$298,000 OHVTF one-time for the working drawings phase to address erosion issues caused by storm water runoff at Prairie City SVRA, as required by the Federal Clean Water Act. Work will include the installation of sediment basins, storm water spray fields, drainage crossings, and riparian areas.
- Approves \$320,000 Proposition 40 one-time for a preliminary plans phase to increase available parking, install permanent vault toilets, repair the beach trail, and reduce beach trail erosion through parking lot grading and the use of more durable yet permeable surfaces at R.H. Meyer Memorial State Beach.
- Approves \$135,000 Harbors and Watercraft Revolving Fund one-time for working drawings to improve visitor throughput at the San Luis Reservoir State Recreation Area by widening the existing two-lane boat ramp by two lanes, adding a third boarding float, and reconfiguring the parking lot.

- Approves \$293,000 ELPF annually for three years and two positions to support the initial assessment and implementation of the new Lower Cost Coastal Accommodations Program, created by AB 250 (Gonzalez Fletcher), Chapter 838, Statutes of 2017.
- Approves 643,000 Proposition 84 one-time for enhancements and improvements of the Volunteer Enhancement Program capital outlay project, to address critical issues that include park operations, public recreation/access, energy efficiency, and resource protection/restoration.
- Approves a technical adjustment to re-establish 115.2 positions that were erroneously abolished due to Government Code section 12439, in order to accurately reflect what is currently displayed in Parks' annual budget.
- Approves \$3.2 million Proposition 84 one-time for the construction phase to rehabilitate the Trippet Ranch parking lot and surrounding area, which have been damaged by erosion and storm water.
- Approves \$1.23 million General Fund for the working drawings and construction phases of the continuing project at McArthur-Burney Falls Memorial State Park. A portion of the requested amount, \$891,000 for the working drawings and construction phases, is requested from the State Parks and Recreation Fund and is fully reimbursable with non-state funds from Pacific Gas and Electric (PG&E) obligations.
- Approves \$190,000 State Park Contingent Fund for the preliminary plans phase of the Pfeiffer Big Sur State Park: Low-Cost Alternative Coastal Lodging project, to develop up to fifteen new, low-cost, cabins at Pfeiffer Big Sur State Park.
- Approves various reappropriation of existing Capital Outlay appropriations to allow for the completion of projects currently in process.
- Approves various reversion of existing Capital Outlay appropriations for completed projects and/or phases of projects.
- Approves \$6.5 million increase in reimbursement authority from the Harbors and Watercraft Revolving Fund annually for five years, which will support a contract with the Department of Water Resources for Enhanced Control of Aquatic Invasive Plants and Fish Restoration Program actions.
- Approves \$400,000 one-time in reimbursement authority from the Harbors and Watercraft Revolving Fund to cover a contract with the Department of Water Resources for Enhanced Control of Aquatic Weeds for the Delta Smelt Resiliency Strategy.
- Approves \$7.5 million General Fund for one-time local assistance grants for regional infrastructure projects with Anaheim Family YMCA and the City of Fullerton.
- Approves \$61.5 million State Parks and Recreation Fund ongoing and 364 full-time positions to improve the State Park System, deliver critical services that will address facilities and other infrastructure, and increase access to the State Park units.

- Approves \$2.85 million OHVTF in 2018-19, \$2.68 million in 2019-20 and ongoing, and 17.5 positions to implement SB 249 (Allen), Chapter 459, Statutes of 2017.
- Approves \$4.94 million State Parks and Recreation Fund ongoing to continue its established revenue generation program and to support ongoing costs associated with implementation of successful Revenue Generation projects.
- Approves \$1.14 million State Parks and Recreation Fund one-time, \$1.19 million ongoing, and nine permanent positions to support the newly implemented online reservation system, Reserve California.
- Approves reversion of unencumbered balance of funding, estimated to be \$189,000, for the Malibu Creek State Park: Restore Sepulveda Adobe project. Project completion is anticipated in the fall of 2018.
- Approves \$10 million General Fund one-time to provide a local assistance grant for the renovation of the Museum of Tolerance, which is a multimedia museum in Los Angeles, and is designed to examine racism and prejudice around the world with a strong focus on the history of the Holocaust.
- Authorizes a total of \$200 million (\$100 million from the General Fund and up to \$100 million in donations) for planning and construction of a California Indian Heritage Center in West Sacramento. Approves \$100 million General Fund to be deposited into the Natural Resources and Parks Preservation Fund for the preliminary plans (\$4.7 million), working drawings (\$4.7 million), and construction (\$90.6 million) phases of the California Indian Heritage Center project in Yolo County. Approves TBL to authorize this project and includes reporting requirements.
- Approves \$852,000 from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 bond funds (Proposition 12) for the preliminary plans (\$537,000) and working drawings (\$315,000) phases of the Fort Ross State Historic Park: Cultural Trail project in Sonoma County. Total estimated project cost is \$3.4 million.
- Approves \$500,000 General Fund and requires the department to develop a pedestrian and bicycle access plan from North Broadway to Los Angeles State Historic Park, or identify alternative solutions for pedestrian and bicycle access issues to the park from North Broadway.
- Approves \$250,000 General Fund for the AIDS Monument project in West Hollywood.
- Approves provisional language to make Parks eligible for receipt of both direct and grant funds to the Salton Sea Recreation Area for the purpose of developing boating access.
- Approves \$1.4 million General Fund for the City of Whittier for rehabilitation of several parks and a trail.
- Approves \$400,000 General Fund for the City of Whittier for rehabilitation of the La Mirada Theatre for Performing Arts.

- Approves \$1.5 million General Fund for the City of Los Angeles to develop an old landfill site into the Cesar Chavez Park.
- Approves \$2.8 million Proposition 84 for the South Yuba River State Park: Historic Covered Bridge.
- Approves \$1 million General Fund for the City of Lodi for erosion control.
- Approves \$2 million General Fund for the City and County of San Francisco for the Richmond Community Center.
- Approves \$300,000 General Fund for the City of Los Angeles Mid Valley Multipurpose center.
- Approves \$1.2 million General Fund for the City of La Habra for two splash pads at area parks.
- Approves \$5 million General Fund for the East Bay Regional Park District
- Approves \$6 million General Fund for project Phoenix.
- Approves \$150,000 General Fund for the Los Angeles River Greenways.
- Approves extensions of liquidation for the following local park projects:
  - **Fall River Mills Community Center Park.** Extend liquidation date to June 30, 2020, for \$273,984 Proposition 84 Statewide Park Program (SPP) to grantee, Fall River Community Service District.
  - **New Park – Western/Gage.** Extend liquidation date to June 30, 2020, for \$422,323 Proposition 84 SPP to grantee, Los Angeles Neighborhood Initiative.
  - **Earth & Space Sciences Center.** Extend liquidation date to June 30, 2021, for \$6.245 million Proposition 84 SPP to grantee, Powerhouse Science Center.
  - **Slausen Wall Park.** Extend liquidation date to June 30, 2022, for \$5 million Proposition 84 SPP to grantee, City of Los Angeles, Department of Recreation and Parks.
  - **Ord & Yale Park.** Extend liquidation date to June 30, 2020, for \$5 million Proposition 84 SPP to grantee, City of Los Angeles, Department of Recreation and Parks.
  - **Nevin Avenue Elementary School Park.** Extend liquidation date to June 30, 2020, for \$2.898 million Proposition 84 SPP to grantee, City of Los Angeles, Department of Recreation and Parks.
  - **West Lakeside Street Park.** Extend liquidation date to June 30, 2020, for \$4.961 million Proposition 84 SPP to grantee, City of Los Angeles, Department of Recreation and Parks.
  - **WAYS Reading and Fitness Park.** Extend liquidation date to June 30, 2020, for \$842,472 Proposition 84 SPP to grantee, Heal the Bay.
  - **Rainbow Recreation Center Expansion.** Extend liquidation date to June 30, 2019, for \$2.5 million Proposition 84 SPP to grantee, City of Oakland, Public Works Department.
  - **California Trail.** Extend liquidation date to June 30, 2019, for \$1.4 million Proposition 84 Nature Education Facilities to grantee, East Bay Zoological Society.

- **Looking Into Nature.** Extend liquidation date to June 30, 2019, for \$197,713 Proposition 84 NEF to grantee, City of Torrance.
- Approves TBL to amend and extend the Revenue Generation Program, and to revise how money is deposited into the State Parks Revenue Incentive Subaccount.
- Approves TBL to extend the deadline for submitting a petition of resolution to the Los Angeles Local Agency Formation Commission for establishment of the Lower Los Angeles River Recreation and Park District from January 1, 2019, to January 1, 2021.

### **3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (BCDC)**

- Approves \$211,000 Bay Fill Cleanup and Abatement Fund on a three-year limited-term basis and two positions to resolve permit violations and modernize BCDC's regulatory laws, policies, and regulations. Approves reporting language.
- Approves \$3.02 million for tenant improvement and moving costs associated with BCDC's relocation to the Bay Area Metro Center contingent upon the commission entering into a long-term lease agreement with the Bay Area Headquarters Authority.

### **STATE CONSERVANCIES (VARIOUS REGIONAL CONSERVANCIES)**

#### **3125 CALIFORNIA TAHOE CONSERVANCY**

- Approves \$345,000 annually for three years (\$195,000 Proposition 1, \$100,000 Federal Trust Fund, and \$50,000 Lake Tahoe Science and Lake Improvement Account) and two positions to continue to lead and provide strategic direction of multi-agency and stakeholder aquatic invasive species groups, and to continue to provide strategic leadership of the Lake Tahoe West Restoration Partnership.
- Approves \$450,000 one-time (\$90,000 Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 bond funds (Proposition 12), \$78,000 Habitat Conservation Fund, and \$282,000 Federal Trust Fund) to support initial conceptual and feasibility planning for new Conservancy project proposals and opportunities along the Upper Truckee River. Also reverts \$90,000 from the unencumbered balance of Item 3125-301-0005 in the Budget Act of 2014.
- Approves \$100,000 annually for two years from the Lake Tahoe Science and Lake Improvement Account to increase local assistance from \$350,000 to \$450,000 to control aquatic invasive species and other nearshore activities.
- Approves \$700,000 (\$204,000 Tahoe Conservancy Fund and \$496,000 Federal Trust Fund) for minor capital outlay projects. This proposal also requests to revert \$204,000 from the unencumbered balance of Item 3125-301-0568 in the Budget Act of 2014.

- Approves \$200,000 one-time (\$111,000 Lake Tahoe Acquisitions Fund and \$89,000 Federal Trust Fund) for acquisition activities involving roadless subdivisions, high priority watersheds, lakefront areas, and other environmentally sensitive or significant resource areas. Also reverts \$111,000 from the unencumbered balance of Item 3125-301-0720 in the Budget Act of 2014.
- Approves \$693,000 for the construction phase of the Tahoe Pines Restoration Project. Also reverts the unencumbered balances of approximately \$323,000 from Item 3125-301-0262, Budget Act of 2017, and \$200,000 from Item 3125-301-0286, Budget Act of 2017.
- Approves \$225,000 (\$150,000 Federal Trust Fund and \$75,000 in reimbursement authority) annually for three years and two positions to support the Lake Tahoe Basin's Forest Management Program and increase the pace and scale of forest restoration work in the region to reduce the risks associated with catastrophic wildfires, drought, climate change, and the bark beetle epidemic.
- Approves \$3.17 million (\$2.52 million Proposition 12 and \$650,000 in reimbursement authority) for a local assistance grant to El Dorado County for the completion of working drawings and construction of the South Tahoe Greenway Shared Use Trail Phases 1B & 2 Project.
- Approves \$420,000 Proposition 1 in 2018-19 and \$195,000 Proposition 1 in 2019-20 and 2020-21 to support planning and monitoring for projects to protect and restore the Tahoe Basin's resources.

### **3875 SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY**

- Approves \$490,000 one-time to its existing Federal Trust Fund appropriation to support a previously awarded grant from the United States Bureau of Reclamation and a new grant from the United States Environmental Protection Agency.
- Approves \$201,000 ELPF in 2018-2019 (\$104,000 for one-time expenses to expand its office space, and \$97,000 for lease expenses).

### **3845 SAN DIEGO RIVER CONSERVANCY**

- Approves a total of \$565,000 for conservancy support costs from various funds including: \$402,000 ELPF, 113,000 Proposition 1, and \$50,000 Proposition 68.
- Approves \$4.06 million Proposition 1 for local assistance.

### **3810 SANTA MONICA MOUNTAINS CONSERVANCY**

- Approves \$100,000 ELPF one-time for the Naturalist Explorer Leadership Program or similar programs to introduce young adults from disadvantaged communities to the outdoors and trains them as interpretive naturalists.

- Approves \$300,000 for support, \$25 million Proposition 68, and \$2.28 million Proposition 1 for local assistance. Approves the availability of local assistance funds for encumbrance and expenditure until June 30, 2020.

### **3855 SIERRA NEVADA CONSERVANCY**

- Approves \$392,000 Proposition 84 one-time for local assistance grants, program delivery, planning and monitoring to accomplish the Conservancy's mission to improve the environmental, economic, and social well-being of the Sierra Nevada Region.
- Approves \$100,000 Proposition 1 one-time for planning and monitoring, and \$4.7 million Proposition 1 one-time for local assistance.

### **3840 DELTA PROTECTION COMMISSION**

- Approves \$200,000 ELPF one-time for consultant work to conduct planning for development of the Great California Delta Trail Master Plan.
- Approves \$200,000 ELPF one-time for consultant work to inform the update to the recreation chapter of the Economic Sustainability Plan for the Sacramento-San Joaquin Delta.
- Approves TBL to clarify that funding for the Great California Delta Trail Master Plan may be provided for using a phased approach.

### **3860 DEPARTMENT OF WATER RESOURCES (DWR)**

- Approves \$500,000 Harbors and Watercraft Revolving Fund one-time for aquatic weed control, a contributing cause of the decline of delta smelt, Chinook salmon, and steelhead.
- Approves \$1.4 million General Fund annually for two years to support ten existing permanent positions funded with the Disaster Preparedness and Flood Protection Bond Act of 2006 bond funds (Proposition 1E) at the Central Valley Flood Protection Board.
- Approves \$2.9 million in 2018-19, \$177,000 in 2019-20, and \$176,000 in 2020-21 to support the Flood Corridor Program and the Tribal Engagement program.
- Approves \$20.8 million in state reimbursement authority from CNRA and WCB (Propositions 40, 84, and 1) to support 17 existing positions for continued work on the San Joaquin River Restoration Program and the San Joaquin River Projects.

- Approves specified reappropriations, extensions of liquidation periods, reversions, and technical adjustments for various funds. These technical changes are critical to various projects, which cannot be completed by June 30, 2018.
- Approves \$3 million in state reimbursable authority over the next four years to receive funding from Proposition 1 administered by DFW, and grant matching funding from the Metropolitan Water District. The funding will be allocated over four years for two projects.
- Approves \$43.32 million Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act (2000) bond funds (Proposition 13) in 2018-19 to construct facilities to improve fish populations in the San Joaquin River Watershed. The funding will support two existing positions over three years.
- Approves a reversion of \$2.75 million and a new one-time appropriation of \$2.7 million in 2018-19 from Proposition 50 for the Water Use Efficiency Technical Assistance Program.
- Reappropriates the Proposition 1 funds for the CalConserve program and approves provisional language to Proposition 13 funding, requested in a spring proposal for San Joaquin River-related fish population enhancement, to make funds available for support and local assistance.
- Approves \$964,000 General Fund and provisional language to prepare a request for proposal to enter into a build-to-suit lease for a new Joint Operations Center. In addition, \$926,000 State Water Project funds will be used for this purpose.
- Approves \$300,000 ELPF ongoing to support outreach and advertising to sustain the Save Our Water campaign as an in-house DWR program run by the Public Affairs Office.
- Approves \$195 million General Fund one-time and \$25 million ongoing. One-time funding of \$170 million to be used to support the state cost-share of critical United States Army Corps of Engineers urban flood risk reduction projects. Ongoing funds will be used to support operations, maintenance, repair, rehabilitation, and replacement of the flood control infrastructure.
- Approves 74 positions to support the State Water Project along with supplemental reporting language.
- Approves \$2 million General Fund for the Redwood Valley County Water District.
- Approves \$5 million General Fund for the reconstruction of the City of San Fernando's Reservoir.
- Approves TBL to clarify the process for dam owners where there is an existing or partial Emergency Action Plan (EAP) or inundation map as of March 1, 2017. The language also requires dam owners with partial EAPs or inundation maps to develop a timeline by which they will develop the comprehensive EAP and inundation maps.
- Approves TBL to make various changes to the Delta Levees Maintenance Subventions Program.

- Approves TBL to provide that “existing facility” also includes the North City Project, which is phase one of the Pure Water San Diego Program, for purposes of calculating urban water use.

### **3885 DELTA STEWARDSHIP COUNCIL**

- Approves \$2 million ELPF one-time to support science research and \$477,000 General Fund ongoing for staff to support science-based management decisions and legal expertise.

### **Supplemental Reporting**

- **3560 State Lands Commission**

- **Item 3560-001-0001: *Update on abandoned oil and gas wells.*** By January 10, 2019, SLC shall submit a report to the budget committees of the Legislature and the Legislative Analyst’s Office that provides an update on the following: (1) the status of negotiations with and amount of funding received from ExxonMobil for the Platform Holly project and the amount ultimately received from the Rincon Island Limited Partnership performance bond; (2) the project status and work accomplished, timelines for completion, and latest project cost estimates for the commission’s work at both Platform Holly and Rincon Island; and (3) the status of lease negotiations with existing offshore platform and island lessees and the specific protections put in place to limit future state liability.

- **3790 Department of Parks and Recreation**

- **Item 3790-101-0001: *Sonoma Community Center.*** On or before December 31, 2018, Parks shall submit a letter to the Joint Legislative Budget Committee describing any additional legislative actions that may be required to facilitate the intent of the appropriation in the 2018-19 Budget Act of \$5 million to the County of Sonoma to replace a community center. The department shall consult with the county and other relevant stakeholders in preparing this letter.
- **Item 3790-101-6051: *Extensions of liquidation: Local park projects.*** No later than January 4, 2019, Parks shall submit to the fiscal committees of both houses and the Legislative Analyst’s Office a report on local park projects funded through either the Statewide Park Program or the Nature Education Facilities Program that were granted liquidation extensions as part of the 2018-19 budget. For each project, the report should include: (1) the current status of the project; (2) the reason a liquidation extension was requested; (3) an updated timeline for the project that contains both the estimated date of completion of the current phase of the project as well as the expected date for finalization of the entire project; and, (4) any risks that could potentially cause further delay.

- **3860 Department of Water Resources**

- **3860-001-0001: *Central Valley Flood Protection Board revenue generation efforts.*** By February 1, 2019, the Central Valley Flood Protection Board shall submit to the budget

committees of the Legislature and to the Legislative Analyst's Office a report that provides an update on its activities to generate additional revenues to support its operations. At a minimum, this report shall address five potential options for generating new revenues: permitting fees, inspection fees, noncompliance penalties, lease and royalty revenues, and a new Sacramento and San Joaquin Drainage District assessment. For each of these options, the report shall provide the following information: (1) status of implementation; (2) amount of revenue generated thus far; (3) estimated annual revenues in 2020-21 and future years; (4) barriers to implementation; and, (5) suggestions for addressing those barriers.

- **3860-540-0502: *New State Water Project positions.*** By July 1, 2019, DWR shall submit a report to the budget committees of the Legislature and the Legislative Analyst's Office that provides an update related to the 74 new positions for the State Water Project authorized in the 2018-19 Budget Act. The report shall: (1) identify which of the newly authorized positions the department has filled; and, (2) include an explanation of the need for each of those filled positions, including how they address the overall objective of the budget proposal related to the safety and sustainability of the State Water Project.

#### ***Natural Resources Budget Bill and Trailer Bills***

1. *Budget Act of 2018 – SB 840 (Mitchell), Chapter 29, Statutes of 2018.*
2. *Budget Act of 2018 – SB 856 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2018.*
3. *Public Resources – SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018.*
4. *Public Resources – SB 875 (Committee on Budget and Fiscal Review), Chapter 453, Statutes of 2018.*

## ENVIRONMENTAL PROTECTION

### 0555 SECRETARY FOR ENVIRONMENTAL PROTECTION (CalEPA)

- Approves \$1.5 million one-time (\$375,000 each from the Air Pollution Control Fund (APCF), the California Beverage Container Recycling Fund, the Waste Discharge Permit Fund, and the Toxic Substance Control Account) to implement the Environmental Justice Small Grants Program.
- Approves \$22.89 million from various special funds for Phase I of CalEPA's Sacramento Headquarters Space Optimization Project.
- Approves \$1 million General Fund for CalEPA for the Green Business Network Program.

### 3900 AIR RESOURCES BOARD (ARB)

- Approves \$622,000 one-time from various funds to support three permanent positions and three one-year limited-term positions and \$417,000 ongoing from various funds to support the increased workload in the Administrative Services Division and the Office of Informational Services and to mitigate audit-identified security deficiencies.
- Approves \$428,000 APCF ongoing, three permanent full-time positions (one position to be phased in each fiscal year between 2018-19 and 2020-21), and increases Carl Moyer Program's Local Assistance spending authority to align authority with the new revenues generated in AB 1274 (O'Donnell), Chapter 633, Statutes of 2017.
- Approves \$600,000 one-time Motor Vehicle Account (MVA) to implement provisions of SB 1 (Beall), Chapter 5, Statutes of 2017, by developing a joint database with the Department of Motor Vehicles containing information on vehicle registration and information on vehicle compliance with ARB's Truck and Bus Regulation and other regulations.
- Approves shifting five positions and \$1.4 million (including \$545,000 in contracts) from APCF to the Cost of Implementation Account for continued support of the 2016-17 Short-Lived Climate Pollutant proposal.
- Approves \$813,000 one-time California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection of 2002 bond funding (Proposition 40) for local assistance. Proposition 40, passed by voters in 2002, provides \$2.6 billion in bonds for parks, recreation areas, historical resources, and for land, air, water conservation programs.
- Approves \$1.08 million one-time MVA to support implementation and enforcement of ARB's freight regulations to protect disadvantaged communities near ports and rail yards.

- Approves \$366,000 ongoing Cost of Implementation Account and two permanent positions to implement recommendations in the Low-Income Barriers Study and to provide staff support to co-lead the SB 350 Task Force. SB 350 (de León), Chapter 547, Statutes of 2015, enacted the Clean Energy and Pollution Reduction Act of 2015, which established targets to increase retail sales of renewable electricity to 50 percent by 2030 and double the energy efficiency savings in electricity and natural gas uses by 2030.
- Approves \$1.71 million APCF in 2018-19 and \$2 million in 2019-20 and ongoing, as well as 10 positions to strengthen its mobile source emission oversight program.
- Approves \$182,000 APCF and three new positions in 2018-19 and \$363,000 annually thereafter to implement regulatory amendments to the Portable Equipment Registration Program that address compliance challenges, improve enforceability, and increase program fees.
- Approves \$1.08 million MVA one-time to support implementation and enforcement of ARB's freight regulations to protect disadvantaged communities near ports and rail yards; and includes \$450,000 in contract funding for the initial development of an information technology system to replace the ARB's Freight Equipment Registration Program.
- Approves \$600,000 one-time MVA to implement provisions of SB 1 (Beall), Chapter 5, Statutes of 2017, by developing a joint database with DMV containing information on vehicle registration and information on vehicle compliance with ARB's Truck and Bus Regulation and other regulations.
- Restores \$1.24 million MVA originally approved in the 2017-18 Governor's Budget. It was subsequently removed during the 2017-18 Conference Committee process with the intent that funding would be included in the Cap-and-Trade trailer bill. This funding was not included in any enacted 2017-18 trailer bill.
- Reverts \$11.31 million California Ports Infrastructure Security and Air Quality Improvement Account, Highway Traffic Reduction, Air Quality and Port Security Fund of 2006 (Proposition 1B) from 2014-15 and establishes a new local assistance appropriation of the same amount for the Proposition 1B Goods Movement Emission Reduction Program.
- Reappropriates unexpended balances APCF provided for the expansion of the Air Monitoring Network in the 2016 and 2017 Budget Acts; and provides an extended encumbrance period until June 30, 2020.
- Reappropriates the unexpended balance of Greenhouse Gas Reduction Fund (GGRF) from Provision 2 of Item 3900-101-3228, Budget Act of 2016 and adds provisional language to make the funds available for encumbrance or expenditure until June 30, 2020.
- Approves trailer bill language (TBL) to authorize ARB to make advance payments to grantees of a grant program or project if ARB determines specified conditions are met and requires ARB, in consultation with the Department of Finance, to adopt regulations implementing that advance payment program.

- Approves TBL to authorize ARB to adopt regulations to create an annual schedule of fees for certification, audit and compliance of off-road engines and equipment, aftermarket parts and emission control components, sold in the state.

### **3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)**

- Approves \$539,000 Department of Pesticide Regulation Fund (DPRF) and three permanent positions to meet the department's risk assessment workload.
- Approves \$717,000 DPRF in 2018-19 and \$677,000 ongoing, and two permanent positions to address increased workload in the Surface Water Protection Program.
- Approves \$159,000 DPRF ongoing to establish one Information Security Officer position to remediate deficiencies identified in various security survey and assessment reports.
- Approves \$515,000 DPRF and three positions to expand the documentation provided to the public to meet the California Environmental Quality Act (CEQA) requirements.
- Approves nine positions to reduce the backlog of biopesticide applications.
- Approves TBL to remove from review certain drinking water contaminants that have not been detected in California for a long-time.

### **3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)**

- Approves \$384,000 one-time (\$192,000 Water Rights Fund and \$192,000 General Fund) and four positions to implement the Water Rights Online Reporting Program. The Water Rights Online Reporting Program is responsible for the receipt, analysis, and validation of approximately 38,500 annual water use reports.
- Does not adopt the Administration's Safe and Affordable Drinking Water proposal (a budget change proposal and TBL), which would have done the following: (1) established the Safe and Affordable Drinking Water Fund; (2) created a safe and affordable drinking water fee for all water customers statewide and three other fees for confined animal facilities, fertilizer, and dairy to address nitrates in groundwater; and, (3) given liability relief for agricultural operations from unlawful discharges of nitrate to groundwater and exempted them from nitrate-related enforcement actions, as specified.

Instead, the 2018-19 Budget Act sets aside \$23.5 million General Fund for allocation to safe drinking water actions including:

- \$3.5 million for emergency water tanks for homes;
- \$10 million for emergency relief grants to households to fund: well replacement, septic system replacement, permanent connections to public systems, well or septic abandonment,

point-of-use and point-of-entry systems, and debt relief for households who have financed well replacement as a result of drought emergency. Of that amount, \$750,000 to create a pilot program to provide grants for wells and septic replacements in households affected by wildfire and not covered by insurance;

- \$6.8 million for Safe Drinking Water for Schools grant program, which includes up to \$1 million for technical assistance;
  - \$200,000 for the implementation of AB 1577 (Gipson), Chapter 859, Statutes of 2018, to authorize SWRCB to order the Sativa Water District to accept full management and control by an administrator selected by SWRCB; and,
  - \$3 million to conduct a needs assessment.
- Approves \$15,000 to cover the costs of a recent settlement in a case involving the Santa Monica Bay Restoration Commission. Also approves provisional language to require the commission to update its Memoranda of Agreement with The Bay Foundation to better define roles and responsibilities of the two parties, in order to reduce the state's exposure to future liability.
  - Rejects without prejudice \$2 million Water Rights Fund, nine positions and TBL to establish an Administrative Hearings Office within SWRCB. The proposal to establish this new office was amended into a policy bill, AB 747 (Caballero), Chapter 668, Statutes of 2018.
  - The purpose of the office would be to provide qualified, impartial hearing officers, to ensure that water rights matters, including water-related cannabis enforcement matters, are resolved in a timely manner, and to provide SWRCB flexibility to assign hearing officers to other matters, such as those involving water right change petitions and other matters concerning water rights permits and licenses.
  - Approves \$5 million General Fund to conduct lead testing in water at child care centers, remediation activities and technical assistance.
  - Approves \$9.5 million General Fund for emergency repairs to the Oxnard Waste Water Treatment Plant.
  - Approves various reappropriations and provisional language for multiple programs administered by the Division of Financial Assistance.
  - Approves TBL to clarify that SWRCB may provide for an advance to a local entity requesting reimbursement for specified costs in an amount not to exceed 75 percent of the estimated state share and that the agreement shall provide that no advance shall be made until the applicant has incurred costs consistent with criteria outlined in Water Code §12986(a)(1), averaging one thousand dollars (\$1,000) per mile of levee.

**3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)**

- Approves \$1.2 million General Fund and six positions to continue implementation of the Safer Consumer Products regulations. Specifically, these resources will be used to perform an alternatives analysis to determine how best to limit or prevent potential harm from chemicals in various products.
- Approves \$434,000 General Fund and two positions to implement a coordinated enforcement and cost recovery initiative related to clean-up activity at the BKK Corporation Landfill facility in West Covina, Los Angeles County.
- Approves \$2.2 million (Toxic Substances Control Account (TSCA) and Hazardous Waste Control Account) and six positions to recover millions of dollars annually from responsible parties for costs incurred by DTSC to cleanup properties across the state contaminated by toxic substances.
- Approves \$140,000 Lead-Acid Battery Fund for planning costs associated with a replacement cost recovery billing system, which is used for issuing invoices, tracking payments, and reconciling account balances. Includes provisional language to authorize the Department of Finance to augment this item by up to \$1.5 million, contingent upon the approval of the California Department of Technology for Stage 4 of the Project Approval Lifecycle.
- Approves \$4.547 million TSCA and an increase of \$3.27 million in the Site Remediation Account to continue supporting the state's share of costs for National Priorities List sites – for Priority 1A and IB state orphan sites, and continued cleanup activities for Priority 2 and 3 state orphan sites already underway.
- Approves \$6.7 million Lead-Acid Battery Cleanup Fund and 15 positions in 2018-19 and \$7.6 million ongoing to implement the provisions of the Lead-Acid Battery Recycling Act of 2016.
- Approves \$2.5 million General Fund in 2018-19 and ongoing to fund 11 existing positions previously approved with limited-term funding that expire in June 2018 in order to provide continued support to address serious environmental violations by hazardous waste transportation and metal recycling industries that disproportionately impact vulnerable communities.
- Approves \$1.06 million Lead-Acid Battery Cleanup Fund in 2018-19 and 2019-20 to implement the remaining activities associated with the 2014 Exide Enforcement Order (as amended 2015) and the ongoing Resource Conservation and Recovery Act corrective action work associated with the February 2002 Corrective Action Consent Order against Exide Technologies.
- Reappropriates the balance of the original \$176.6 million appropriated from TSCA pursuant to AB 118 (Santiago), Chapter 10, Statutes of 2016. Provides authority to expend the funding through June 30, 2021, to complete remediation activities at properties around the Exide Technologies facility in Vernon. Approves additional \$5 million General Fund and \$1.5 million Environmental License Plate Fund for cleanup of parkways with provisional language.

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY (CaIRECYCLE)**

- Approves \$1.1 million one-time, divided proportionately between the Integrated Waste Management Account (IWMA), the Department of Pesticide Regulation Fund, the Waste Discharge Permit Fund, and the State Water Quality Control Fund to continue to provide the Education and Environment Initiative Curriculum in printed form for 2018-19.
- Adjusts the funding mix for administration of Local Conservation Corps grants. Specifically, decreases expenditure authority in Beverage Container Recycling Fund (BCRF) of \$380,000 and increases expenditure authority of \$211,000 from Electronic Waste Recovery and Recycling Account.
- Approves \$216,000 BCRF ongoing for three years (2018-19, 2019-20, 2020-21), and \$110,000 one-time from the BCRF for 2021-22 to implement SB 458 (Weiner), Chapter 648, Statutes of 2017.
- Approves \$57,000 from the Distributed Administration Account to convert current blanket-funded positions to permanent positions.
- Approves the extension of unexpended GGRF program administration spending authority until 2019-20, as originally authorized via AB 1613 (Committee on Budget), Chapter 370, Statutes of 2016.
- Reappropriates \$4.2 million IWMA 2018-19. This one-time appropriation was authorized in the 2017-18 Budget Act to fund the closure of the inactive Bonzi Sanitary Landfill. Due to circumstances outside of the department's control, CalRecycle requires additional time to encumber these funds.
- Approves \$1.25 million and six positions, to enhance CalRecycle's ability to respond to requests from the Governor's Office of Emergency Services for assistance when disasters occur and debris removal is requested.
- Approves TBL to extend the sunset date on the Plastic Market Development Program from January 1, 2018, to July 1, 2022.
- Approves TBL to clarify the authority of the California Highway Patrol to arrest individual transporters who illegally transport out-of-state empty containers for redemption in California.
- Approves TBL to clarify that a reclaimer for empty plastic beverage containers includes a reclaimer that uses the services of a third party to process the empty plastic beverage containers into a form useable for the manufacture of new plastic products.

**3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT (OEHHA)**

- Approves \$194,000 (\$52,000 General Fund and \$142,000 from various special funds) in 2018-19, and \$172,000 ongoing (\$46,000 General Fund and \$126,000 from various special funds), to fund the reclassification of two existing OEHHA positions being redirected to OEHHA's Information Technology (IT) branch and upgrade three existing IT positions to support OEHHA's web-based technologies and remediate IT security audit findings.
- Approves the permanent redirection of \$301,000 Used Oil Recycling Fund to the Cost of Implementation Account to support 1.5 positions to develop and present indicators of climate change and its impacts on California in technical reports, and to expand the dissemination of this information through interactive web pages, plain language summary reports, and fact sheets.
- Approves one permanent position to serve as Librarian to perform systematic searches of the scientific literature regarding the health effects of chemicals and related subjects.
- Approves \$485,000 for OEHHA to conduct a food dye study.
- Approves TBL to require each public health goal published by OEHHA to be reviewed at least once every five years unless OEHHA determines there has not been a detection of the corresponding contaminant.

**CAP-AND-TRADE SPENDING PLAN**

State Cap-and-Trade auction revenue is deposited in the GGRF. Certain GGRF allocations are “taken off the top” before determining continuous appropriations. These “off the top” allocations include: backfill revenue loss from an expanded manufacturing sales tax exemption as well as backfill revenue loss from suspension of the state fire prevention fee that was previously imposed on landowners in State Responsibility Areas (SRAs) (the fee was used to fund state fire prevention activities in these areas).

Of the remaining revenue, existing law continuously appropriates 60 percent, as follows: 1) 25 percent for the state’s high-speed rail project; 2) 20 percent for affordable housing and sustainable communities grants; 3) 10 percent for intercity rail capital projects; and, 4) five percent for low carbon transit operations.

The other 40 percent of the remaining revenue is referred to as “discretionary revenue” and is available for allocation through the annual budget act or other legislation.

The plan assumes at least \$2.6 billion in Cap-and-Trade auction revenue in 2018-19, more than \$400 million carried over from the end of 2017-18, and \$50 million in interest income accrued to the fund.

As the chart on the next page shows, the spending plan allocates \$3.1 billion from the GGRF for various programs. This plan includes:

- \$1.5 billion in continuous appropriations;
- \$166 million in other existing spending commitments; and,
- \$1.4 billion in discretionary spending.

A general investment category breakdown for \$1.4 billion in discretionary spending is as follows:

- Low carbon transportation \$467 million;
- Air toxic and criteria air pollutants \$275 million;
- Healthy Forests \$240 million;
- Climate smart agriculture \$185 million;
- Short-lived climate pollutants \$127 million;
- Integrated climate action: Mitigation & resilience \$86 million; and,
- Climate and clean energy research \$20 million.

<b>2018-19 Cap-and-Trade Expenditure Plan</b>		
<i>(In Millions)</i>		
<b>Program</b>	<b>Department</b>	<b>Amount</b>
<b>Continuous Appropriations*</b>		<b>\$1,490</b>
High-speed rail	High-Speed Rail Authority	\$621
Affordable housing and sustainable communities	Strategic Growth Council	497
Transit and intercity rail capital	Transportation Agency	248
Transit operations	Caltrans	124
<b>Other Existing Spending Commitments</b>		<b>\$166</b>
Manufacturing sales tax exemption backfill	N/A	\$89
State administrative costs	Various	49
SRA fee backfill	CalFire/Conservation Corps	28
<b>Discretionary Spending</b>		<b>\$1,401</b>
<b>Mobile Source Emissions</b>		
Heavy duty vehicle and off-road equipment programs	Air Resources Board	\$180
Clean Vehicle Rebate Project	Air Resources Board	175
Low-income light duty vehicles and school buses	Air Resources Board	100
Low-carbon fuel production	Energy Commission	13
<b>Local Air Pollution Reduction</b>		
Local air district programs to reduce air pollution	Air Resources Board	245
Local air district administrative costs	Air Resources Board	20
Technical assistance to community groups	Air Resources Board	10
<b>Agriculture</b>		
Agricultural diesel engine replacements	Air Resources Board	112
Methane reductions from dairies	Food and Agriculture	99
Incentives for food processors	Energy Commission	64
Healthy Soils	Food and Agriculture	5
Agricultural renewable energy	Energy Commission	4
<b>Forestry</b>		
Forest health and fire prevention	CalFire	160
Prescribed fire and fuel reduction	CalFire	30
Local fire response	Office of Emergency Services	25
Regional forest restoration projects	Natural Resources Agency	20
Urban forestry	CalFire	5
<b>Other programs</b>		
Transformative Climate Communities	Strategic Growth Council	40
Waste diversion	CalRecycle	25
Urban greening	Natural Resources Agency	20
Climate and energy research	Strategic Growth Council	18
Low-income weatherization	Community Services and Development	10
Energy Corps	Conservation Corps	6
Wetland restoration	Fish and Wildlife	5
Coastal adaptation	Various	5
Woodstove replacements	Air Resources Board	3
Technical assistance for disadvantaged communities	Strategic Growth Council	2
<b>Total</b>		<b>\$3,056</b>
<small>* Continuous appropriations based on revenue assumption of \$2.6 billion in 2018-19.            CalTrans – California Department of Transportation; SRA – State Responsibility Area; CalFire – California Department of Forestry and Fire Protection; and CalRecycle – California Department of Resource Recycling and Recovery.</small>		

Source: Legislative Analyst's Office

More specifically, the Budget Act of 2018 (SB 856 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2018) appropriates funding from GGRF as follows:

- \$20 million to the California Natural Resources Agency (CNRA) for urban greening programs.

- \$20 million to CNRA for landscape-level forest health projects to expand the Sierra Nevada Conservancy's Watershed Improvement Program model to the Northern, Coastal, and Southern California regions consistent with the recommendations of the Forest Carbon Plan.
- \$21.165 million to the Governor's Office of Planning and Research, as follows:
  - \$1.165 million for the Affordable Housing and Sustainable Communities Program;
  - \$18 million for research on reducing carbon emissions; and,
  - \$2 million for technical assistance to disadvantaged communities.
- \$40 million to the Strategic Growth Council for the Transformative Climate Communities Program.
- \$25 million to the Governor's Office of Emergency Services for the procurement and maintenance of fire engines and support of the California Fire and Rescue Mutual Aid System.
- \$8.513 million to the California Conservation Corps for the training and work program.
- \$12.5 million to the State Energy Resources Conservation and Development Commission (also known as the California Energy Commission (CEC)) for low carbon fuel production.
- \$68 million to the CEC for energy efficiency food processor projects and renewable energy projects in the agricultural sector.
- \$165 million to the Department of Forestry and Fire Protection (CalFire) for healthy forest and fire prevention programs and projects that improve forest health and reduce greenhouse gas emissions caused by uncontrolled wildfires, as specified. \$5 million of the \$165 million shall be for urban forestry.
- \$30 million to CalFire for prescribed fires. Of these funds, up to \$7 million shall be available for emissions monitoring of wildfire and prescribed fire.
- \$5 million to the Department of Fish and Wildlife for wetland restoration projects.
- \$1.5 million to the California Coastal Commission for the Coastal Management Program.
- \$3 million to the State Coastal Conservancy for the Climate Ready Program.
- \$500,000 to the San Francisco Bay Conservation and Development Commission for Bay conservation and development local assistance.
- \$645 million to ARB as follows:
  - \$112 million for reducing agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other diesel equipment used in agricultural operations;

- \$125 million for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project;
  - \$75 million for the Enhanced Fleet Modernization Program and Plus-Up Pilot Project (Clean Cars 4 All), replacement of school buses, and light-duty equity pilot projects;
  - \$55 million for the Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project;
  - \$3 million for the Woodsmoke Reduction Program;
  - \$245 million for financial incentives to reduce mobile and stationary sources of criteria air pollutants or toxic air contaminants in disadvantaged communities;
  - \$20 million for local air districts' implementation of AB 617 (C. Garcia), Chapter 136, Statutes of 2017; and,
  - \$10 million for technical assistance grants to community based organizations in disadvantaged communities.
- \$200 million to the ARB for the Clean Vehicle Rebate Project.
  - \$25 million to the Department of Resources Recycling and Recovery for Waste Diversion and Greenhouse Gas Reduction Financial Assistance programs.
  - \$500,000 to the Department of Community Services and Development for energy programs administrative costs.
  - \$9.5 million to the Department of Community Services and Development for low-income solar and multi-family weatherization programs. Of the \$9.5 million, at least \$2 million to provide low-income weatherization services for farmworker housing.
  - \$104 million to the Department of Food and Agriculture, as follows:
    - \$99 million for dairy digester research and development, and alternative manure management; and,
    - \$5 million for the Healthy Soils Program.

In addition, the budget appropriates \$204.5 million of other special funds for activities related to the 2018 Cap-and-Trade Expenditure Plan, including:

- \$134.5 million Alternative and Renewable Fuel and Vehicle Technology Fund to be spent consistent with current program requirements;
- \$30 million APCF for local efforts to implement AB 617 (C. Garcia), Chapter 136, Statutes of 2017; and,
- \$20 million TRMF for agricultural diesel replacement and upgrades.

## **Supplemental Reporting**

### **Air Resources Board**

- **Item 3900: *Zero-emission vehicle rebates.*** ARB shall update the Clean Vehicle Rebate Project forecast annually until January 1, 2030, and include as part of its forecast the total state rebate investment necessary to facilitate reaching the goal of placing in service at least five million zero-emission vehicles by January 1, 2030. The forecast shall include:
  - Models of the impacts of various rebate scenarios' ability to maximize the effectiveness of the rebates provided based on relevant data.
  - Annual recommendations for changes for the project structure and various rebate levels based on market demand to reach the 2030 goal, including the project's income eligibility requirements to target moderate and low-income customers.
  - Projected sales figures of electric vehicles.
  - Impacts of federal policy changes on the adoption of electric vehicles.
  - Sales price difference between electric vehicles and nonelectric vehicles.
  - Assessment of marketing efforts of electric vehicles by automobile manufacturers.
  - Survey results of consumer awareness and acceptance of electric vehicles and awareness of the benefits associated with zero-emission vehicles. The survey questions and methodology shall be substantially similar for each report to allow for long-term trend analysis.

### ***Natural Resources Budget Bill and Trailer Bills***

1. *Budget Act of 2018 – SB 840 (Mitchell), Chapter 29, Statutes of 2018.*
2. *Budget Act of 2018 – SB 856 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2018.*
  - a. *SB 856 includes the Cap-and-Trade Spending Plan.*
3. *Public Resources – SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018.*
4. *Public Resources – SB 875 (Committee on Budget and Fiscal Review), Chapter 453, Statutes of 2018.*

## ENERGY AND UTILITIES

### 3360 CALIFORNIA ENERGY COMMISSION (CEC)

The CEC continues to focus work on improving the state's energy infrastructure, increase compliance with energy efficiency regulations, and administering programs related to renewable energy resources. The 2018-19 budget provides \$536 million for the CEC from a variety of special funds. This includes:

- **On-Call Delegate Chief Building Official Contract Funding.** The budget includes \$1 million in increased expenditure authority from the Energy Facility License and Compliance Fund (EFLCF) to provide contract funding for an On-Call Delegate Chief Building Official (DCBO). This contract will provide DCBO support for modifications to jurisdictional power plants resulting from project owner filed amendments, emergency responses, such as power plant fires, and other small modifications. The Energy Commission has indicated that they seek to change from the current Memorandum of Understanding (MOU) approach to a contracted approach to eliminate potential conflicts of interest between the selected DCBO firms and the project owners. This approach requires additional contract authority to execute.
- **Title 20 Appliance Energy Efficiency Standards – Compliance Assistance and Enforcement Program Contract Funding.** The budget includes a \$100,000 increase in expenditure authority for baseline contract funding from the Appliance Efficiency Enforcement Subaccount (AEES) to support the Title 20 appliance efficiency enforcement testing contract. This \$100,000 augmentation in additional contract authority will increase the testing capacity at the contracted test laboratory and its contract funding from \$200,000 per fiscal year to \$300,000 per fiscal year.
- **Implementation of the School Bus Retrofit and Replacement Program (SB 110).** The budget includes authority for three-year funding of \$900,000 annually for six temporary positions from the Alternative and Renewable Fuel and Vehicle Technology Fund to develop and implement the new school bus retrofit and replacement activities under the Clean Energy Job Creation Program.
- **Building Energy Efficiency Compliance Software Updates and Maintenance Funding.** The budget includes a \$1.5 million increase in baseline contract authority from the Cost of Implementation Account for the continual enhancement, maintenance, and support of the Energy Commission's residential and nonresidential Building Energy Efficiency Standards (Standards) compliance software (CBECC).
- **Implementation of Electric Program Investment Charge.** The budget includes a baseline increase of \$12 million in Electric Program Investment Charge (EPIC) program and administration funds. This includes the conversion of existing technical support funds to fund four permanent positions to manage the increased program funding.
- **Energy Resources Program Account Structural Deficit Relief.** The budget includes a series of actions to reduce the Energy Resources Programs Account (ERPA) structural deficit. These include: shifting eligible expenditures from ERPA to the Cost of Implementation Account (CCIA) and Energy Facility License and Compliance Fund (EFLCF) (total ERPA reduction of \$7.35

million), and a one-time shift of the Department of General Services' (DGS) ERPA funding to the Environmental License Plate Fund (reduction of \$1.99 million). DGS will evaluate appropriate mechanisms to bill these expenditures beginning in 2019-20. The budget also includes a shift of \$2.1 million of eligible expenditures from the Renewable Resource Trust Fund (RRTF) to CCIA.

- **Disadvantaged Community Advisory Group.** The budget includes trailer bill language to provide reimbursement for reasonable expenses and per diem for members of the Disadvantaged Community Advisory Group authorized under the Clean Energy and Pollution Reduction Act of 2015, SB 350 (de León), Chapter 547, Statutes of 2015. The costs would be split between the California Public Utilities Commission (PUC) and CEC, and the total annual expenses for these activities could not exceed \$100,000.
- **Alternative Fuel Infrastructure.** The budget includes \$134.5 million from the Alternative and Renewable Fuel and Vehicle Technology Fund to accelerate investments in the statewide network of ZEV infrastructure. This is a 300 percent increase in state infrastructure investments for the budget year, with a goal of providing a multi-year investment of \$800 million for ZEV infrastructure through 2025.

## 8660 CALIFORNIA PUBLIC UTILITIES COMMISSION (PUC)

The budget includes a series of actions designed to implement recent legislation, improve staffing and accountability, and expand the PUC's safety capabilities statewide. The 2018-19 budget provides \$126 billion for the PUC from a variety of special funds. This includes funding for:

- **Communications Licensing and Compliance Program.** The budget includes \$295,000, PUC Utilities Reimbursement Account, ongoing, for two permanent positions for the Licensing and Compliance Program (L&C) to address expanded work obligations that have resulted in work backlog issues.
- **Supporting Statewide Presence.** The budget includes \$1 million in 2018-19, with additional ongoing costs, from various funds, to lease two additional office spaces in Sacramento County for the placement of new PUC staff and the relocation of existing employees. The budget requested \$1.1 million in January, which was subsequently modified by an April Finance Letter that reduced the request by \$52,000 in 2018-19 and \$124,000 ongoing. The savings come from the expiration of an existing PUC office lease.
- **Water and Utility Program Audit Compliance.** The budget includes \$929,000 per year from the Public Utility Commission Utilities Reimbursement Account to convert seven limited term positions to permanent positions. These positions were originally provided on a limited-term basis to address gaps in PUC's oversight of utilities through a State Auditor report. The workload to ensure the PUC continues to address the audit findings is likely permanent. As such, it is appropriate to extend these positions.
- **Water Affordability for Low-Income Communities.** The budget includes \$294,000 from the Public Utilities Commission Utilities Reimbursement Account for two two-year limited-term

positions to analyze and identify potential solutions to the growing water affordability issue in rate-setting proceedings as part of the PUC's recently-opened rulemaking R. 17-06-024.

- **Gas and Electric Service Disconnections.** The budget includes \$336,000 (Public Utilities Commission Utilities Reimbursement Account) per year for two permanent positions to implement the requirements of SB 598 (Hueso), Chapter 362, Statutes of 2017. These positions will support the development and administration of decisions and a rulemaking proceeding on disconnections, as well as ongoing work to incorporate potential impact on disconnections into all future General Rate Case (GRC) proceedings. These are new tasks for the PUC that cannot be absorbed by existing staff, and will continue into the foreseeable future.
- **Residential Solar Energy Storage System Consumer Protection (AB 1070).** The budget includes \$592,000 (Public Utilities Commission Utilities Reimbursement Account) for one two-year limited-term position to implement the requirements of AB 1070 (Gonzalez Fletcher), Chapter 662, Statutes of 2017. This includes \$450,000 in contractor funding. AB 1070 directs the PUC to develop and adjust, on an ongoing basis, a methodology that estimates electric utility bill savings for residential customers who install solar energy systems, and to create a uniform disclosure document the solar industry is required to present to residential customers before the purchase or lease of a solar energy system. Developing this new methodology and disclosure requirement is new, limited-term workload that the PUC cannot absorb with current resources.
- **Safety and Enforcement Division: Fortify Gas Safety Reliability, Rail Crossings and Engineering, and Rail Operations Branches.** The budget includes \$2.2 million from the State Highway Account (SHA) and the Public Utilities Commission Utilities Reimbursement Account for additional operational support and field staff in the Safety and Enforcement Division (SED). Specifically, the budget includes 12 new permanent full-time positions, classification upgrade of five existing permanent full-time positions, and equipment, training, and travel necessary to facilitate inspections and audits, and to ensure staff safety.
- **California Advanced Services Fund – Internet for All Now Act (AB 1665).** The budget includes \$76.6 million from the California Advanced Services Fund (CASF) for the following:
  - Permanent funding for two Senior Telecommunications Engineers to address staffing shortfalls in the program.
  - The conversion of five limited-term positions set to expire on December 31, 2020, to permanent positions.
  - The addition of five new, permanent positions; one new permanent half-time position; and two new limited-term positions to implement AB 1656 (Eduardo Garcia), Chapter 851, Statutes of 2017.
  - Funding of \$2.5 million per year for consultant services for the statutorily required California Environmental Quality Act (CEQA) review of projects in the program.
  - Ongoing funding of \$72.6 million for local assistance for the CASF program—an additional seven years beyond the last approval, or until 2029.
  - Budget bill language authorizing a three-year encumbrance period and two-year liquidation period for local assistance funding prospectively and extension of liquidation for current appropriations.

- **California Advanced Services Fund.** The budget includes language to extend the liquidation period of appropriations made in 2015, 2016, and 2017, for this program to ensure uninterrupted operations.
- **Building Administrative Infrastructure Core.** The budget includes \$2.6 million from various funds for 23 permanent full-time positions, training, and travel to strengthen the administrative core of the department, which supports Safety, Contract and Procurement Services, Human Resources (including hiring and training), and Business Services in the areas of Facilities, Records Management, Forms Management, Fleet Management, and Facilities.
- **Electric Vehicle Charging Infrastructure at Public Parks, Public Beaches, and Schools (AB 1082 and AB 1083).** The budget includes \$546,000 (Public Utilities Commission Utilities Reimbursement Account) for three one-year limited-term positions to implement the requirements of AB 1082 (Burke), Chapter 637, Statutes of 2017, and AB 1083 (Burke), Chapter 638, Statutes of 2017. These bills created an expedited review process for applications to install charging stations at certain public properties that requires additional work at the PUC.
- **Loan Repayment Extension.** The budget includes a new budget item to reflect the extension of a loan repayment from the Regional Railroad Accident Preparedness Immediate Response Fund to the California High-Cost Fund-B Administrative Committee Fund. The Governor’s budget reflected a loan extension for two loans between these funds, but the proposed budget bill language only reflected one loan. This is a technical correction to address this oversight.
- **Net Energy Metering.** The budget includes trailer bill language to allow military installations with eligible distributed generation to utilize the Net-Energy Metering (NEM) 2.0 tariff, essentially allowing these electric customers to be treated similarly to other customers who have on-site eligible distributed generation under the NEM 2.0 tariff.
- **California Public Utilities Commission Governance, Accountability, Training, and Transportation Oversight Act of 2017 (SB 19), and Strengthening the Transportation Enforcement Branch.** The budget includes the elimination of ongoing appropriations in the Transportation Rate Fund (TRF) and 11 related positions, as well as the transfer of \$750,000 from the TRF to the Household Movers Fund (HMF), in the Professions and Vocations Fund to fund new responsibilities at the Department of Consumer Affairs (DCA). These changes are intended to enact the requirements of SB 19 (Hill), Chapter 421, Statutes of 2017. The budget also includes trailer bill language making several technical changes required to implement the provisions of SB 19. Additionally, the budget includes \$2.4 million from the PUC Transportation Rate Account (PUCTRA) for:
  - Five new permanent positions (\$975,000) to enhance enforcement and leadership of the branch.
  - \$1.4 million that will be spread across 40 existing staff that previously worked on both transportation and household goods movers-related issues.
- **Electric Transmission Rates Advocacy.** The budget includes \$1.5 million (Public Utilities Commission Utilities Reimbursement Account) for ongoing consulting costs (\$600,000) and for five additional positions to advocate for California ratepayers at transmission rate proceedings

before the Federal Energy Regulatory Commission (FERC) and the California Independent System Operator (CAISO).

- **Maintain Energy Division Compliance with Audit and Statutory Requirements for Balancing Account Reviews.** The budget includes \$310,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA), to make permanent, two limited-term Public Utilities Regulatory Analyst (PURA) IV positions set to expire June 30, 2018, to continue to perform balancing account reviews.
- **Natural Gas Core Transport Agency Consumer Protection.** The budget includes \$103,000 from the PUCURA for one permanent Public Utilities Regulatory Analyst to implement newly defined and magnified registration and consumer protection duties, set forth in a recently issued Commission decision regarding gas Core Transport Agents (CTAs).
- **Maximize Federal Litigation Outcomes.** The budget includes \$389,000 per year for two years from the PUCURA for two Public Utilities Counsel III to defend or further in federal court litigation, the PUC's implementation of federal and state legislation, policies, and rules; safety, consumer protection, and environmental enforcement actions; and ratepayer and state economic interests.
- **Gas Safety, Policy, Reliability, and Market Monitoring.** The budget includes \$194,000 from the PUCURA for one permanent Public Utilities Counsel III to support additional workload around natural gas issues.
- **California LifeLine Program.** The budget includes \$396.9 million in Local Assistance and \$31,314,000 in State Operations funding in 2018-19, all from the Universal Telephone Service Trust Administrative Committee Fund, for the California LifeLine Program. This includes a reduction of \$39 million (\$1.6 million in State Operations and \$37.7 million in Local Assistance) from initial requests to reflect lower projected new enrollment and renewal rates in the program.
- **California LifeLine Monitoring and Compliance.** The budget includes a permanent increase of \$619,000 from the Universal Telephone Service Trust Administrative Committee Fund for additional positions to keep pace with California LifeLine program growth and to address several administrative backlogs. Currently, despite the rapid growth in program participation by customers and service providers and expanded program activities, the total number of staff managing the program has remained fixed at seven personnel years since 2012-13.
- **Reduce Carbon Emissions.** The budget includes \$359,000 per year in ongoing funding from the Public Utilities Commission Utilities Reimbursement Account for two permanent positions and \$1 million per year for four years for consulting contract costs to implement the requirements of SB 350 (de León), Chapter 547, Statutes of 2015, AB 578 (Blakeslee), Chapter 627, Statutes of 2008, and AB 327 (Perea), Chapter 611, Statutes of 2013.

**8660 CPUC OFFICE OF RATEPAYER ADVOCATE (ORA)**

The budget includes a series of actions designed to implement recent legislation and to improve staffing and the office's ability to effectively advocate on behalf of ratepayers for safe and cost-effective service. The 2018-19 budget provides \$37 million for ORA. This includes funding for:

- **Electric Safety Analysis.** The budget includes \$334,000 and two positions to address utility safety-related workload arising from expansion of existing and new PUC proceedings. The increased staff in electric safety will help inform safety model assessment proceeding and assess the accuracy of the utilities' risk management.
- **Analysis of Community Choice Aggregation and Other Departing Load Programs.** The budget includes \$167,000 for one permanent Public Utilities Regulatory Analyst (PURA) V position to perform expanding workload associated with the recent increase in departing load programs, specifically the Community Choice Aggregation (CCA) program. The CCA program enables cities and counties to pool resources to develop or purchase power—with an emphasis on renewable energy. Customers are beginning to depart investor owned utilities (IOUs) for CCAs. SB 350 (de León), Chapter 547, Statutes of 2015, mandates new requirements that support the state's goals to increase renewable resources, reduce GHG emissions, and enhance system reliability in the most cost effective manner apply to all load serving entities (LSEs). Both IOUs and CCAs are defined as LSEs. The CCA-related requirements of SB 350 have a direct and significant impact on all residential customers' rates and ultimately their monthly bills. As CCAs grow, workload associated with reviewing CCAs' compliance with SB 350 requirements increases. Participation by various cities and counties throughout the state is estimated to grow significantly.
- **Electric Resource Modeling.** The budget includes two permanent positions and \$307,000 from the Public Utilities Commission Office of Ratepayer Advocates Account, to perform work associated with new complex computer simulation and modeling efforts required by the PUC's implementation of the integrated resource planning mandates contained in SB 350 (de León), Chapter 547, Statutes of 2015.
- **Geographical Information Systems Analysis.** The budget includes one permanent position and \$142,000 from the Public Utilities Commission Office of Ratepayer Advocate Account (PUCORA) to perform geographical spatial analysis work associated with evaluating investor-owned utility (IOU) applications and programs across industry areas, and measure program outcomes that impact disadvantaged communities and low-income households.
- **Trailer Bill Language: Public Advocate's Office.** The budget included language to update and rename the Office as the "Public Advocate's Office" so that its name more accurately conveys its public interest mission.

***Energy Budget Trailer Bill***

1. *Public Resources — SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018.*

## FOOD AND AGRICULTURE

### 8570 DEPARTMENT OF FOOD AND AGRICULTURE (CDFA)

- Approves \$265,000 Department of Food and Agriculture Fund (DFAF) in 2018-19, \$215,000 in 2019-20, and \$190,000 annually thereafter for purposes of: (1) creating a database for the Certified Farmers' Market (CFM) Program; and (2) enhancing and maintaining county and market manager training programs to ensure uniform enforcement of CFMs across the state.
- Approves \$139,000 ongoing General Fund and one position to implement AB 1348 (Aguiar-Curry), Chapter 620, Statutes of 2017.
- Approves \$716,000 (\$68,000 one-time and \$648,000 ongoing) in federal fund authority and four positions to enhance the existing Feed Inspection Program to meet the expanded scope of work in grants from the US Food and Drug Administration related to recent federal animal food safety rules.
- Approves \$294,000 General Fund (\$269,000 one-time and \$25,000 ongoing) to implement AB 954 (Chiu), Chapter 787, Statutes of 2017, which seeks to promote consistent terminology and use of quality and safety dates on food projects sold in California.
- Approves \$440,000 Pet Lover's Fund, within the Specialized License Plate Fund, to implement the provisions of SB 673 (Newman), Chapter 813, Statutes of 2017, utilizing funding from specialized license plates to award grants to qualifying spay and neuter facilities that offer low-cost or no-cost animal sterilization services.
- Approves \$671,000 (\$87,000 one-time and \$584,000 ongoing) DFAF and three positions for the State Organic Program.
- Approves the reappropriation of the construction phase funding for the Yermo Agricultural Inspection Station Relocation project, located in Mountain Pass, an unincorporated area of San Bernardino County. A total of \$47.5 million lease revenue bond authority was authorized for this project.
- Approves an increase of \$317,000 to provide funding for ratified increases in salaries and benefit rates for employees in the California Animal Health and Food Safety Laboratory System. While these employees are University of California employees governed by its bargaining contracts, salaries and benefits are funded by CDFA via contract.
- Approves \$1.9 million on a three-year limited-term basis to develop a Bee Safe program and complete provide a report on the program, as specified, to the Senate Budget Subcommittee 2 and Assembly Budget Subcommittee 3, by January 10, 2021.

- Approves \$9.35 million General Fund for the acquisition of land to replace the Blythe Border Protection Station in Riverside County.
- Approves \$529,000 General Fund ongoing and one position for CDFA's Office of Pesticide Consultation and Analysis to support research and testing of alternatives for pesticides that are being considered for deregistration in California. This includes biocontrol efforts.
- Approves \$429,000 General Fund for a two-year limited-term basis to continue funding for 2.4 existing positions in the Office of Farm to Fork to administer remaining federal Food Insecurity Nutrition Incentive Program grant funding.
- Reappropriates a portion of administrative funding for the State Water Efficiency and Enhancement Program from CDFA's 2016-17 Greenhouse Gas Reduction Fund appropriation, which expires on June 30, 2018, which allows CDFA to manage and close out awarded projects that will be completed in 2018-19, and to audit completed projects.
- Approves \$400,000 General Fund on a two-year limited-term basis and one position beginning in 2018-19 for the survey and detection of nutria (*myocastor coypus*) in and around California waterways.
- Approves \$500,000 one-time in General Fund to cover the California Partnership for the San Joaquin Valley's (CPSJV) administrative cost while developing a sustainable funding plan. Approves provisional language to authorize CDFA to provide the requested funding to CPSJV.
- Approves \$5 million (\$2.5 million General Fund and \$2.5 million DFAF) to enhance Asian Citrus Psyllid and Huanglongbing suppression activities.
- Approves \$2.67 million General Fund (\$121,000 one-time and \$2.55 million ongoing) and 11 permanent positions to address the full implementation of SB 27 (Hill), Chapter 758, Statutes of 2015, which: (1) limits antibiotic use in livestock and stewardship practices in order to reduce antimicrobial resistance; and (2) provides antimicrobial availability through licensed retail stores and/or new regulations.
- Approves \$5 million General Fund for CDFA and CalFire to coordinate and conduct prevention and suppression activities relating to the invasive shot hole borer beetle.
- Approves \$2 million General Fund address statewide invasive species issues.
- Approves \$10 million General Fund to augment CDFA's Citrus Pest and Disease Prevention Program budget change proposal.
- Approves \$10 million General Fund for CDFA's Nutrition Incentive Program.
- Approves \$5 million General Fund for CDFA to provide grants to applicant small businesses and corner stores located in food deserts to purchase energy-efficient refrigeration units.

- Approves trailer bill language to create the Healthy Stores Refrigeration Grant Program to award grants to qualified entities for the purchase of energy-efficient refrigeration units by a small business or corner store that is located in a food desert; and requires a small business or corner store that purchases a refrigeration unit with grant funding to stock the unit with California-grown fresh fruits, nuts, and vegetables.

***Natural Resources Budget and Trailer Bills***

1. *Budget Act of 2018 – SB 840 (Mitchell), Chapter 29, Statutes of 2018.*
2. *Public Resources - SB 854 (Committee on Budget and Fiscal Review), Chapter 51, Statutes of 2018.*

# TRANSPORTATION

## 0521 TRANSPORTATION AGENCY

The California State Transportation Agency develops and coordinates the policies and programs of the state's transportation entities to achieve the state's mobility, safety and environmental sustainability objectives. The budget includes \$411 million from a variety of special funds, federal funds, and bond funds to support a variety of programs. Additionally, the budget includes the following:

- **Road Repair and Accountability Act of 2017.** The budget includes \$43 million in new revenues for intercity rail and commuter rail service.
- **Transportation Investments.** The budget includes \$20.5 million General Fund for four new projects, including \$8 million to Los Angeles County Metropolitan Transportation Agency for the Rivers to Rails Project, \$6.5 million to Merced County for the California AutoTech Testing and Development Project, \$5 million to the Metropolitan Transportation Commission for the Fremont Shinn Station feasibility study, and \$1 million to the Alameda-Contra Costa Transit District for Oakland Unified School District bus services.

## 2600 CALIFORNIA TRANSPORTATION COMMISSION (CTC)

The California Transportation Commission is responsible for programming and allocating funds for the construction and improvement of highways, passenger rail systems, and transit systems throughout California. The CTC advises and assists the Transportation Agency and the Legislature in formulating and evaluating state policies and plans for California's transportation programs. The CTC also initiates and develops state and federal transportation policies that seek to secure financial stability for the state. The budget includes \$14.8 million from a variety of special funds and bond funds to support 22 positions. This includes:

- **Joint Public Meetings Required by AB 179 (Cervantes), Chapter 737, Statutes of 2017.** The budget included \$35,000 to pay for the cost of two joint meetings between the State Air Resources Board and the CTC that are required by AB 179.
- **Accounting and Insurance Cost Adjustment.** The budget included \$38,000 to pay for increases for Contracted Fiscal Services with the Department of General Services (\$32,000) and State Compensation Insurance Fund premiums (\$6,000).

## 2660 DEPARTMENT OF TRANSPORTATION (CALTRANS)

Caltrans constructs, operates, and maintains a comprehensive state system of 50,000 road and highway lane miles, 13,100 state bridges, and 205,000 culverts; funds three intercity passenger rail routes; and provides funding for local transportation projects. The budget provides \$14 billion from a variety of special funds, federal funds, and bond funds to support roughly 19,000 positions.

Proposals adopted and incorporated in the budget include:

- **Road Repair and Accountability Act of 2017.** The budget includes \$2.8 billion in new SB 1 revenues for a range of programs, including \$1.2 billion for highway maintenance and repairs, with \$53.6 million going towards 400 new maintenance positions, \$400 million for repairing bridges and culverts, \$330 million for the Transit and Intercity Rail Capital Program, \$308 million for Trade Corridor Enhancements, \$250 million for Commuter Corridor improvements, \$200 million in matching funds for the Local Partnership program, \$100 million for bicycle and pedestrian projects in the Active Transportation Program, \$25 million for increased freeway service patrols, and \$25 million for local planning grants.
- **Capital Outlay Support.** The budget provides an additional \$171 million federal and state funds and 740 new positions to provide project engineering and design support necessary to deliver transportation infrastructure projects, including environmental review and mitigation, right-of-way acquisition, construction management, and oversight of external consultant services.
- **Continuation of Proposition 1B Administrative Support.** The budget includes 2018-19 funding for the continuation of 31 positions totaling \$6,514,000 and 2019-20 funding for the continuation of 30 positions totaling \$5.9 million the 2018-19 requests include \$500,000 in operating expenses for a consultant contract administered by the Division of Budgets. The total funding provided in both fiscal years includes \$2.2 million in operating expenses for a project and program audit contract administered by the Department of Finance. This reduces the current 2017-18 Proposition 1B staffing level of 36 Positions by five positions in 2018-19, and by six positions in 2019-20.
- **Facilities Cost Adjustment.** The budget includes a one-time augmentation of \$2.1 million in 2018-19, a one-time augmentation of \$4.4 million in 2019-20, and a permanent ongoing augmentation of \$6.7 million in 2020-21 in State Highway Account funds to address the increased charges from the Department of General Services (DGS) for the maintenance and operation of headquarters and district office buildings. The cost of DGS' maintenance and operation of Caltrans-owned office buildings is projected to increase from \$35.2 million in 2017-18 to \$41.9 million in 2020-21.
- **California High-Speed Rail Reimbursement Authority.** The budget includes the extension of 14 existing limited-term positions for two additional years, beginning July 1, 2019 through June 30, 2021, and \$2.8 million annually (\$1.7 million in personal service (PS), \$129,000 in operating expense (OE), and an additional \$1 million for litigation costs) in the State Highway Account Reimbursement authority for services rendered on behalf of the California High-Speed Rail Authority. These resources will provide ongoing legal services to the California High-Speed Rail Authority in real property acquisition and management for the Central Valley Madera to Shafter segment.
- **Federal Highway Administration Audit Compliance.** The budget includes a permanent increase of seven positions and \$835,000 (\$771,000 in personal services and \$64,000 in operating expenses) in State Highway Account funds to address workload increases resulting from the Federal Highway Administration's (FHWA) clarification of requirements with respect to the State's procurement, management and administration of Architectural and Engineering (A&E) contracts.

- **Safety Inspections of Highway Tunnels.** The Governor's budget includes a permanent increase of \$852,000 and four positions and one-time funding of \$30,000 for tunnel management software for federally mandated inspections. The costs for the 53 state-owned tunnels will be fully reimbursed by the FHWA and the inspection costs for the 31 local-agency tunnels will be 88.53 percent FHWA reimbursed and the remainder will be funded with local federal subvention funds.
- **Strategic Highway Safety Plan.** The Governor's budget includes a \$3 million increase (\$2.7 million in Federal Funds and \$300,000 in SHA matching funds) to develop the Strategic Highway Safety Plan required and mandated by the Fixing America's Surface Transportation Act. Of the total request, \$1.5 million (\$1.35 million in Federal Funding and \$150,000 in state matching funds) is ongoing and \$1.5 million (\$1.35 million in Federal Funding and \$150,000 in state matching funds) is one-time.
- **Personal Services Adjustment.** The budget includes a permanent increase of \$58 million from the State Highway Account to correctly align resources to fund all currently authorized positions. The proposed augmentation would fully fund about 340 positions that Caltrans otherwise would have to hold vacant. Caltrans plans to allocate the augmentation across its programs based on their historical compensation expenditures and position history. Most of the increase would go to the Highway Maintenance Program (\$20.5 million) and administration (\$16.1 million).
- **Privacy and Enterprise Security Enhancements.** The budget includes four positions and a one-time increase of \$10.4 million in State Highway Account (SHA) funds (\$699,000 for consulting services and \$9.2 million for software and hardware purchases) in 2018-19 and an ongoing increase of \$2.1 million SHA (for the four positions, \$60,000 for consulting services, and \$1.6 million for software and hardware purchases) to improve the Information Technology Cybersecurity Program, address Payment Card Industry compliance gaps and to develop an Enterprise Privacy Office.
- **Tort Fund Augmentation.** The budget includes a permanent increase of \$7.0 million SHA funds for Caltrans' tort litigation costs and settlement awards. Additionally, the budget includes budget bill language allowing the Department of Finance the ability to increase funding by up to an additional \$20 million following notification to the Legislature.
- **Vehicle Insurance Increase.** The budget includes a two-year increase of \$4.9 million in SHA funds for fleet insurance costs. For the last three fiscal years, Caltrans has lacked adequate funding to cover the cost of its annual insurance premium. In the 2018 Budget Act, Caltrans received a one-time augmentation of \$5.5 million SHA to partially cover the cost of the deficiency. In past years, the deficiency was paid for by Caltrans redirecting funding from other activities. This increase covers the shortfall for two years and Caltrans no longer need to redirect funding from other activities.
- **IT Infrastructure Refresh.** The budget includes a one-time increase of \$2 million in State Highway Account funds to develop an Information Technology Applications Roadmap. Additionally, the budget includes budget bill language authorizing up to \$12 million in one-time funds to continue replacement of outdated IT infrastructure, contingent upon approval of the Roadmap by the California State Transportation Agency, the California Department of

Technology, and the Department of Finance, as well as notification of the Joint Legislative Budget Committee (JLBC).

- **Road Usage Charge (RUC) Pilot Program Continuation.** The budget includes \$3.2 million (\$1.4 million State Highway Account and \$1.8 million federal funds) for a two-year extension of five positions and \$2.5 million for a demonstration project of a pay-at-the-pump charging station alternative. The Administration released an Executive Order to increase zero emission vehicles to five million by 2030 and funding is currently being proposed to support this effort. Achieving these goals would result in less gasoline and diesel fuel purchases, which will result in a reduction in the tax revenues that are currently used to maintain the state's roadways. This proposal would continue the RUC pilot to explore the feasibility of alternative revenue generation options.
- **Cyber Security.** The budget provides \$10.4 million State Highway Account and four positions for Caltrans to develop an enterprise privacy office to address its ongoing cyber security needs. While \$9.2 million will be for hardware and software, \$700,000 will be for consulting and licenses and \$500,000 will be for four ongoing positions to work with vendors, develop training, policies, and procedures, and manage the new program.
- **Active Transportation Program.** The budget includes a budget item to extend the allocation and liquidation periods for \$10 million in Greenhouse Gas Reduction Fund resources provided to the Active Transportation Program as part of the 2016 budget.
- **SB 1 Local Expenditures.** The budget includes trailer bill language to allow local agencies to borrow from other internal city or county revenue streams and reimburse themselves with future year SB 1 apportionments.
- **Indirect Cost Rate Proposal (ICRP).** The budget includes trailer bill language capping the administrative indirect costs that Caltrans may charge to self-help counties at ten percent for three years. Instead Caltrans will only charge Self-Help counties for direct costs or functional overhead.
- **Emergency Contracting.** The budget includes trailer bill language streamlining the execution of emergency no-bid public works contracts, such as those for the reconstruction of roads after natural disasters.

## 2665 HIGH-SPEED RAIL AUTHORITY

The High-Speed Rail Authority (HSRA) is responsible for the development and construction of the state's high-speed rail system. The HSRA's budget includes expenditures for support: environmental work, design, planning, right-of-way acquisition, and construction, and local assistance of \$1.2 billion. This includes:

- The budget includes a reappropriation of \$1.6 billion through June 30, 2022 and extends the liquidation period through June 30, 2024. This is comprised of:

- \$528.4 million [\$380.8 million fiscal year 2010 federal funds and \$147.6 million High-Speed Passenger Train Bond Fund (Proposition 1A)] for the Initial Construction Segment (ICS) of the high-speed train.
- \$1.0 billion Proposition 1A for the early improvements within the Bay Area and greater Los Angeles regions, also known as the “bookends.”

## **2670 BOARD OF PILOT COMMISSIONERS FOR THE BAYS OF SAN FRANCISCO, SAN PABLO, AND SUISUN**

The Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun is the oversight body that licenses and regulates maritime pilots who navigate certain large vessels entering or leaving those bays, Monterey Bay, and on tributaries to Sacramento and Stockton. The budget provides roughly \$2.5 million in special funds to support the Board’s operations. This includes:

- **Provisional Language for Pilot Trainee Selection Examination Costs.** The budget includes provisional language to allow the augmentation of the Board's budget authority by up to \$400,000 to fund additional costs associated with administering a Pilot Trainee Training Program selection examination should the need arise.

## **2720 CALIFORNIA HIGHWAY PATROL (CHP)**

CHP is responsible for ensuring the safe and efficient flow of traffic on state roads and county roads in unincorporated areas. The budget includes total expenditures of \$2.6 billion from the Motor Vehicle Account (MVA) and other special funds. Proposals approved in the budget include:

- **Radio Console Replacement Project II.** The budget includes four limited-term positions and multi-year funding from the Motor Vehicle Account (MVA) to complete the replacement of antiquated and incompatible dispatch consoles in all communications centers statewide. This includes one-time augmentations of \$3.9 million in 2018-19, \$4.5 million in 2019-20, \$4.9 million in 2020-21, and \$509,000 in 2021-22.
- **Vehicle Mounted Radar Units.** The budget includes a one-time augmentation of \$600,000 per year for 2018-19 and 2019-20 from the MVA to purchase vehicle-mounted radar units. This funding will be used to continue the replacement of radar on marked enforcement vehicles and begin the scheduled replacement of aging radar equipment to ensure maximum effectiveness of radar as a speed enforcement tool.
- **Conversion of Contract Positions to Permanent Positions.** The budget includes three permanent positions to convert three professional service contract positions currently tasked with supporting the expanded Computer Aided Dispatch (CAD) system to full-time state employees, and \$133,000 decrease in reimbursement authority. This proposal will result in annual cost savings of approximately \$133,000 and will provide continued user and system support to the CAD system.
- **Vehicle Insurance Premium Augmentation.** The budget includes \$7.5 million in 2018-19 and 2019-20 to fund the increase in the vehicle insurance premium assessment paid to DGS, Office of

Risk and Insurance Management. For 2018-19, DGS has communicated that the vehicle insurance premium assessment for CHP is \$20.9 million based on expected large settlement claims. It is expected that these claims will also affect premium rates for 2019-20 as the yearly assessments are calculated based on five-year average of claims paid. The need for a permanent increase in baseline funding for vehicle insurance premium will be reassessed in 2020-21.

- **Vehicle Fleet Replacement.** The budget includes an ongoing augmentation of \$4.5 million MVA for the replacement of its ground fleet, and provisional language to allow a two-year period for encumbrance or expenditure of up to \$20 million for the purchase of replacement vehicles. The budget also deletes existing budget language for advance authority for the CHP to incur automotive equipment purchase obligations in an amount not to exceed \$5.0 million during the current fiscal year, for delivery in the following fiscal year, payable from the MVA.
- **Build-to-Suit Lease Authority.** The budget includes trailer bill language to authorize CHP to pursue a build-to-suit lease procurement process for the replacement of the Tracy area office. Authority for this project was first provided in 2008, but has since expired.
- **Wireless In-Car Camera System with Body-Worn Camera Expandability Option.** The budget includes 12 positions phased in over three years, \$52.53 million from the MVA over three years to implement a wireless in-car camera system with the option to purchase Integrated Body-Worn Cameras (BWC) in the future, and a \$14.381 million baseline augmentation from the MVA to maintain the system.
- **Capital Outlay Proposals and Lease-Revenue Bond Proposals.** The Governor's budget included MVA funding as well as significant lease-revenue bond authority in 2018-19 for several capital outlay projects. The final budget rejects the proposed use of lease-revenue bonds and requires CHP to pursue a pay-go approach to the desired projects. The budget includes \$178 million in 2018 to fund the currently-planned projects.

## 2740 DEPARTMENT OF MOTOR VEHICLES (DMV)

The DMV promotes driver safety by licensing drivers and protects consumers by issuing vehicle titles and regulating vehicle sales. The budget provides total funding for the DMV of \$1.2 billion in special funds. The budget includes:

- **Five-Year Infrastructure Plan – Arleta, Lincoln Park, and Mission Hills Investigations Consolidation.** The budget includes \$50,000 one-time from the MVA for Department of General Services planning fees; \$457,000 MVA in 2019-20; and \$692,000 MVA ongoing starting in 2020-21 to relocate the Mission Hills Investigations Office and consolidate it with the Lincoln Park and Arleta Investigation offices in a new leased facility.
- **SB 611 – Disabled Placards.** The budget includes three permanent positions and \$568,000 from the MVA in 2018-19 and \$238,000 from the MVA in 2019-20 to implement SB 611 (Hill), Chapter 485, Statutes of 2017.

- **High-Occupancy Vehicles (AB 544).** The budget includes \$1.4 million from the MVA for three permanent positions and funding for postage and printing necessary to implement AB 544 (Bloom), Chapter 630, Statutes of 2017. The ongoing cost of the three permanent positions would be \$675,000 annually.
- **Front End Sustainability Project.** The budget includes \$15 million in MVA funding in 2018-19 to support the implementation of the Front End Applications Sustainability (FES) project. The annual amount over each of the next four years will fluctuate and total \$89 million, which includes funding for three permanent positions beginning in 2018-19 and funding for seven limited-term positions from 2018-19 through 2022-23.
- **IT Infrastructure Refresh.** The budget includes a one-time operating expense increase of \$3.1 million MVA funding for the replacement of outdated critical information technology (IT) infrastructure equipment that has reached its end of life (EOL) and has been identified as a priority to ensure continuity of business operations.
- **Perimeter Fencing.** The budget includes \$6.1 million MVA, for the second year of funding for the design and construction of perimeter fences at state-owned DMV field office locations.
- **Capital Outlay Proposals.** The budget includes \$4.8 million from the MVA for various field office capital outlay projects. The budget also includes \$200,000 from the MVA to perform advanced planning and analysis for two reconfigurations/renovations proposed for the 2020-21 fiscal year. The budget also includes \$15.7 million from the MVA for two reappropriations of funding provided in previous years for field office replacements.
- **California New Motor Voter and Electronic Driver License Application.** The budget includes \$900,000 in one-time funding for fiscal year 2018-19 to extend the contract for Information Technology (IT) Programming and system administration in support of the electronic Driver's License and Identification online forms (eDL-44) and the implementation of Assembly Bill 1461 (Gonzalez Fletcher), Chapter 729, Statutes of 2015.
- **Centralized Customer Flow Management and Appointment Systems.** The budget includes \$5.5 million in reappropriated MVA funding to extend the fund's liquidation period to FY 2018-19 in case the final vendor payments for the Centralized Customer Flow Management and Appointment System (CCFMAS) needs to be made in 2019-20.

### ***Transportation Budget Trailer Bills***

1. *Transportation — SB 848 (Committee on Budget), Chapter 46, Statutes of 2018.*

SUBCOMMITTEE 3  
ON  
HEALTH  
AND  
HUMAN SERVICES

Senate Committee on Budget and Fiscal Review

*Members*

Richard Pan, Chair  
William W. Monning  
Jeff Stone

*Consultants*

Scott Ogus  
Theresa Peña  
Renita Polk

# SUBCOMMITTEE No. 3

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# HEALTH

## 0530 CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY

- **Council on Health Care Delivery Systems.** The budget includes General Fund expenditure authority of \$5 million in 2018-19 to establish the Council on Health Care Delivery Systems, with three members appointed by the Governor and one each from the Senate Rules Committee and Speaker of the Assembly. The council, on or before October 1, 2021, will submit a plan to the Legislature and Governor with options to implement changes to health care delivery, including steps necessary to achieve a unified financing system.
- **Office of Systems Integration (OSI): MEDS Modernization.** The budget includes seven positions and expenditure authority of \$7.9 million (\$787,000 General Fund, \$6.6 million federal funds, and \$426,000 reimbursements) in 2018-19 to continue the multi-departmental planning effort to replace the Medi-Cal Eligibility Data System (MEDS). These staffing and other resources will support completion of activities required by the Department of Technology's Project Approval Lifecycle (PAL) Stage Gate requirements. MEDS serves as the "system of record" to determine eligibility for many of the state's health and human services programs.
- **Office of Systems Integration (OSI): eWIC MIS Project Expenditure Increase.** The budget includes expenditure authority from the California Health and Human Services (CHHS) Automation Fund of \$4.8 million in 2018-19, \$9.1 million in 2019-20, and \$6.2 million in 2020-21. These resources will allow OSI to continue implementation of the Electronic Women, Infants, and Children Management Information System (eWIC MIS), an electronic benefits transfer (EBT) system for participants in California's Women, Infants, and Children program.
- **Office of Health Information Integrity (CalOHII): HIPAA Compliance and Technical Assistance.** The budget includes one position and reimbursement expenditure authority of \$128,000 annually to allow CalOHII to continue its oversight of statewide HIPAA compliance activities.
- **Rightsizing the Office of Law Enforcement Support.** The Legislature authorized General Fund expenditure authority of \$620,000 in 2018-19 and \$555,000 annually thereafter to establish one Attorney IV position and increase salaries for nine investigator positions within the Office of Law Enforcement Support to address recruitment and retention issues.

## 4120 EMERGENCY MEDICAL SERVICES AUTHORITY (EMSA)

- **Increased Information Technology Security Resources.** The budget includes one position and General Fund expenditure authority of \$356,000 in 2018-19 and \$189,000 annually thereafter to allow EMSA to provide adequate staffing levels to strengthen the department's information technology (IT) infrastructure and compliance with state IT policy and regulatory requirements.

**4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHPD)**

- **Health Care Cost Transparency Database.** The budget includes General Fund expenditure authority of \$60 million for OSHPD to establish and administer the Health Care Cost Transparency Database. The database will collect data from health care service plans, health insurers and other payers regarding payments and pricing for health care services. In the first phase of implementation, OSHPD will convene a review committee of health care stakeholders and experts to provide guidance for developing the database.
- **Prescription Drug Cost Transparency Implementation (SB 17).** The budget includes three positions and expenditure authority from the California Health Data and Planning Fund of \$500,000 in 2018-19, \$850,000 in 2019-20, and \$800,000 annually thereafter. Beginning in 2019-20, the budget includes an additional 2.5 positions for a total of 5.5 permanent positions. These positions and resources will allow OSHPD to implement prescription drug price transparency initiatives required by SB 17 (Hernandez), Chapter 603, Statutes of 2017, including notices to health care purchasers, quarterly reporting, and other public reporting of information regarding the cost of prescription drugs.
- **Mental Health Loan Assumption Program Administrative Resources.** The budget includes expenditure authority from the Mental Health Services Fund of \$215,000 in 2018-19 and 2019-20 to support administrative activities to close out all grants awarded through the Mental Health Loan Assumption Program and ensure compliance with program requirements.
- **Workforce Education and Training (WET) Program.** The budget includes expenditure authority from the Mental Health Services Fund State Administration Account of \$10 million in 2018-19 to allow existing WET programs to continue while OSHPD and stakeholders work together on options for funding and implementing a new five-year plan for the WET program.
- **Primary Care Mental Health Fellowship.** The budget includes expenditure authority from the Mental Health Services Fund State Administration Account of \$1 million in 2018-19 for OSHPD to provide scholarships for the University of California (UC) Primary Care Mental Health Fellowship program. The program will allow primary care physicians in medical shortage areas of California to receive psychiatric training at UC.

**4150 DEPARTMENT OF MANAGED HEALTH CARE (DMHC)**

- **Federal Mental Health Parity Compliance Review Contract.** The budget includes expenditure authority from the Managed Care Fund of \$529,000 annually to allow DMHC to continue to review health care service plan filings for compliance with the mental health parity requirements of the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008.
- **Prescription Drug Cost Transparency (SB 17).** The budget includes one position and expenditure authority from the Managed Care Fund of \$307,000 in 2018-19 and \$281,000 annually thereafter to allow DMHC to compile health plan information on prescription drug costs pursuant to SB 17 (Hernandez), Chapter 603, Statutes of 2017.

- **Consumer Outreach and Assistance Program.** The Legislature approved expenditure authority from the Managed Care Fund of \$1.9 million annually to allow DMHC to continue funding for the Consumer Outreach and Assistance Program, which contracts with community-based organizations to assist consumers in navigating private and public health care coverage.

## 4260 DEPARTMENT OF HEALTH CARE SERVICES (DHCS)

- **Medi-Cal Local Assistance Funding.** The budget includes \$104.4 billion (\$23 billion General Fund, \$67.3 billion federal funds, and \$14.1 billion special funds and reimbursements) for the delivery of health care services to low-income individuals and families in the Medi-Cal program. These funds are distributed as follows:
  - Medi-Cal Benefits: \$99.5 billion (\$21.6 billion General Fund, \$63.8 billion federal funds, and \$14.1 billion special funds and reimbursements) for the provision of health care benefits to Medi-Cal beneficiaries.
  - County Administration and Eligibility: \$4.6 billion (\$1.2 billion General Fund, \$3.3 billion federal funds, and \$5.4 million special funds and reimbursements) for eligibility determinations and other administrative activities performed by counties. This allocation includes \$54.8 million (\$18.5 General Fund and \$36.3 million federal funds) in 2018-19 for a cost-of-doing-business adjustment for county eligibility workload.
  - Fiscal Intermediary: \$328.3 million (\$112.8 million General Fund and \$215.6 million federal funds) for claims processing and related activities performed by the Medi-Cal fiscal intermediary.
- **Family Health Programs Local Assistance Funding.** The budget includes \$280.9 million (\$231.1 million General Fund, \$5.1 million federal funds, and \$44.7 million special funds and reimbursements) for state-only health care programs, as follows:
  - California Children’s Services (CCS) Program: \$92.7 million (\$87.3 million General Fund and \$5.5 million reimbursements). Counties will contribute an additional \$83.6 million for state-only services in the CCS Program.
  - Child Health and Disability Prevention Program: \$3,000 General Fund.
  - Genetically Handicapped Persons Program: \$155 million (\$138.2 million General Fund and \$16.7 million special funds and reimbursements).
  - Every Woman Counts Program: \$33.2 million (\$5.6 million General Fund, \$5.1 million federal funds, \$22.5 million special funds).
- **Proposition 56 Medi-Cal Provider Reimbursement Augmentations.** The Legislature approved budget bill language and \$2.1 billion (\$821.3 million Proposition 56 tobacco tax revenue and \$1.3 billion federal funds) for supplemental payments and rate increases for the provision of Medi-Cal services. The maximum allocations of Proposition 56 tobacco tax funds for reimbursement rate increases and related budget bill language changes are as follows:
  - \$500 million for supplemental payments for physician services.
  - \$210 million for supplemental payments for dental services.
  - \$49 million for supplemental payments for women’s health services.

- \$27.6 million for increased reimbursement rates for home health providers.
  - \$12.3 million for supplemental payments to eliminate the rate freeze for intermediate care facilities-developmental disabilities (ICF-DDs). Budget bill language also expands existing supplemental payments to facilities providing continuous skilled nursing care.
  - \$7 million for increased reimbursement rates for pediatric day health care facilities.
  - \$6 million for one-time funding for qualifying Program of All-Inclusive Care for the Elderly organizations.
  - \$4 million for one-time supplemental payments for free-standing pediatric sub-acute facilities.
  - \$3.4 million for supplemental payments for AIDS Waiver service providers.
  - \$2 million for one-time funding for qualifying Community-Based Adult Services programs.
  - Budget bill language authorizes DHCS to make payments while federal approval is pending and provides that any payment amounts for which federal approval is not obtained be recouped from the paid providers.
- **Proposition 56 Medi-Cal Provider Loan Repayments.** The Legislature approved budget bill language, trailer bill language, and expenditure authority of Proposition 56 tobacco tax revenue of \$220 million for loan repayments to Medi-Cal providers. Specifically, the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment program will allocate loan assistance payments to qualifying, recent graduate physicians and dentists who serve Medi-Cal beneficiaries as follows:
    - \$190 million for loan assistance payments to recent graduate physicians.
    - \$30 million for loan assistance payments to recent graduate dentists.
- **Children’s Health Insurance Program (CHIP) Reauthorization.** The budget includes a combined reduction of General Fund costs of \$898.1 million in 2017-18 and 2018-19 to reflect additional federal funds received as a result of Congressional reauthorization of the Children’s Health Insurance Program at the enhanced 88 percent federal matching rate until September 2019, at 76.5 percent until September 2020, and at the traditional 65 percent thereafter.
- **Specialty Mental Health Services Federal Audit Settlement.** The budget includes General Fund expenditure authority of \$180.7 million in 2018-19 for repayment of disallowed costs for Medi-Cal specialty mental health services. A recent audit by the U.S. Department of Health and Human Services, Office of Inspector General, will result in the disallowance of federal claims for specialty mental health services provided by county mental health plans. These funds will initially be paid by the state’s General Fund with repayments from counties occurring over the next four years to prevent significant funds from being diverted from the mental health delivery system in a single year.
- **Children’s Mental Health Mandate Repayment.** The budget includes repayment of approximately \$254 million for repealed state mandates on counties to provide special education and related mental health services for seriously emotionally disturbed children pursuant to AB 3632 (Brown), Chapter 1747, Statutes of 1984.
- **Medi-Cal Current Year Deficiency.** The Legislature approved the Administration’s request to augment the 2017 Budget Act General Fund appropriation for Medi-Cal by \$830.5 million. These funds address a deficiency in the 2017-18 fiscal year caused by lower than anticipated pharmacy

rebates, lower revenue from managed care organization taxes, and increased General Fund costs due to federal claims deferrals. These costs are net of partially offsetting General Fund savings from additional hospital quality assurance fee revenue, additional federal funds from the reauthorization of the Children's Health Insurance Program, and reduced costs for managed care capitation payments.

- **Reject Prohibition of 340B Reimbursement in Medi-Cal.** The Legislature rejected the Administration's trailer bill language proposal to prohibit the use of federal 340B Drug Pricing Program reimbursements within the Medi-Cal program.
- **Homeless Mentally Ill Program.** The budget includes General Fund expenditure authority of \$50 million in 2018-19 to provide counties with targeted funding for multi-disciplinary teams to support intensive outreach, treatment, and related services for homeless persons with mental illness. These interventions are intended to result in earlier identification of mental health needs, prevention of criminal justice involvement, and improved coordination of care for this population at the local level.
- **Federal Repayment for School-Based Medi-Cal Administrative Activities Programs.** The budget includes General Fund costs of \$8.9 million in 2017-18 and \$136.4 million in 2018-19 for repayments to the federal government resulting from overpayments to local education agencies for administrative activities related to Medi-Cal. To the extent a local education agency has an outstanding balance owed to the federal government, the budget also withholds one-time discretionary funding from the agency's Proposition 98 appropriation in the 2018-19 fiscal year to repay the General Fund for the outstanding balance owed to the federal government.
- **Lawsuits and Claims Payment Notifications.** The Legislature approved budget bill language eliminating obsolete provisions regarding legislative notification for payment of attorney fees. The information subject to notification is currently provided semi-annually in the Medi-Cal Local Assistance Estimate.
- **Waiver Personal Care Services Provider Parity.** The Legislature approved trailer bill language and General Fund expenditure authority of \$3 million annually to establish the county public authorities and nonprofit consortia as the employers of record for providers of waiver personal care services (WPCS) and adopted related changes to establish parity between WPCS and In-Home Supportive Services providers.
- **Health Information Exchanges Funding.** The Legislature approved budget bill language and expenditure authority of \$50 million (\$5 million General Fund and \$45 million federal funds) to assist Health Information Exchanges (HIEs) with onboarding new providers and connecting them to the HIE so that they can successfully use its services.
- **California Health Interview Survey – Children's Data.** The Legislature approved budget bill language and General Fund expenditure authority of \$750,000 to implement a pilot expansion for the California Health Interview Survey to strengthen data collection efforts regarding the health and well-being of California's children and youth.

- **California Health Interview Survey – Long-Term Services and Supports Data.** The Legislature approved budget bill language and General Fund expenditure authority of \$3 million to address the need for data that assesses the use of and demand for long-term services and supports (LTSS) in California. This funding will allow the addition of LTSS screening questions and a 15 minute follow-on survey to the 2019-20 and 2023-24 cycles of the California Health Interview Survey (CHIS), conduct in-person, in-depth qualitative interviews with 100 Californians with LTSS needs in 2021, and support the continuation of a module of caregiver questions in CHIS during the 2023-24 cycle.
- **Elimination of Treatment Limits in Breast and Cervical Cancer Treatment Program.** The Legislature approved trailer bill language and General Fund expenditure authority of \$8.4 million annually to eliminate treatment limitations in the Breast and Cervical Cancer Treatment Program (BCCTP). The state-funded BCCTP previously limited the period of coverage to 18 months for breast cancer and 24 months for cervical cancer, with no similar treatment limitations for BCCTP coverage for Medi-Cal beneficiaries.
- **School-Based Mobile Vision Pilot.** The Legislature approved budget bill language and General Fund expenditure authority of \$1 million in 2018-19 for payments to mobile vision service providers participating in a school-based mobile vision pilot program.
- **Medical Interpreters Extension.** The Legislature approved budget bill language to reappropriate and extend the encumbrance period until June 30, 2022, for any remaining funds of the \$3 million General Fund expenditure authority approved in the 2017 Budget Act for a medical interpreters' pilot project, study, or both, for the Medi-Cal program.
- **Suicide Hotlines Funding.** The Legislature approved budget bill language and expenditure authority from the Mental Health Services Fund State Administration Account of \$4.3 million annually to support suicide prevention hotlines throughout the state.
- **Whole Genome Sequencing Pilot Project.** The Legislature approved budget bill language and General Fund expenditure authority of \$2 million in 2018-19 to support a pilot project to investigate the potential clinical and programmatic value of utilizing clinical Whole Genome Sequencing as a first-line diagnostic test for Medi-Cal beneficiaries.
- **Diabetes Prevention Program Translation Services.** The Legislature approved expenditure authority of \$680,000 (\$340,000 General Fund and \$340,000 federal funds) for certified translation services to provide the curriculum of the Diabetes Prevention Program in all threshold languages.
- **Dental Services Managed Care Integration Pilot Project.** The Legislature approved a pilot project to integrate dental services into managed care in San Mateo County. Health Plan of San Mateo (HPSM), which is a county organized health system, will establish a dental provider network and reimburse providers of dental services for Medi-Cal beneficiaries in the county. HPSM will receive an enhanced, at-risk capitation payment to account for the additional dental services provided.
- **Erroneous Payment Recoupment.** The Legislature approved uncodified trailer bill language to allow DHCS, when seeking repayments from Medi-Cal providers for overpayments or other

recoveries, to modify the amounts withheld or the timing of withholding from a given provider upon request and a demonstration of hardship.

- **Health Care Reform Financial Reporting.** The budget includes expenditure authority of \$1.9 million (\$963,000 General Fund and \$963,000 federal funds) in 2018-19, 2019-20, and 2020-21, to allow DHCS to continue compliance with federal reporting requirements of the Affordable Care Act.
- **Orange County Office Consolidation.** The budget includes expenditure authority of \$562,000 (\$281,000 General Fund and \$281,000 federal funds) in 2018-19 and \$423,000 (\$212,000 General Fund and \$211,000 federal funds) annually thereafter to allow DHCS to relocate and consolidate program staff from two buildings in Orange County into a single location.
- **Federal Managed Care Regulations Implementation.** The budget includes permanent extension of nine expiring, limited-term positions and expenditure authority of \$3.1 million (\$1.5 million General Fund, \$1.5 million federal funds) annually to allow DHCS to continue efforts to implement the federal Medicaid managed care regulations. Of these resources, \$1.3 million (\$650,000 General Fund and \$650,000 federal funds) will be allocated to the department's contract with an External Quality Review Organization to perform quarterly access assessments.
- **HIPAA Privacy Rule Compliance.** The budget includes four positions and expenditure authority of \$513,000 (\$257,000 General Fund and \$256,000 federal funds) in 2018-19 and \$477,000 (\$239,000 General Fund and \$238,000 federal funds) annually thereafter to allow the department to manage the response to an increase in privacy and security incidents related to the handling of protected health information and personally identifiable information.
- **California Technical Assistance Program Extension.** The budget includes a two-year, no-cost extension and reappropriation of any remaining funding from the 2014 Budget Act allocation of \$3.8 million from the Major Risk Medical Insurance Fund for the California Technical Assistance Program (CTAP). The extension and reappropriation of funding will allow DHCS to continue to implement and administer CTAP, which provides assistance to health care providers to adopt the use of electronic health records.
- **California's Section 1115 Waiver: Medi-Cal 2020.** The budget includes extension of limited-term expenditure authority of \$4.5 million (\$2.2 million General Fund and \$2.2 million federal funds) in 2018-19 and \$263,000 (\$132,000 General Fund and \$131,000 federal funds) in 2019-20 for continued compliance and administrative activities for California's Section 1115 Waiver: Medi-Cal 2020.
- **Mental Health Services Division Policy Implementation.** The budget includes 10 positions and expenditure authority of \$1.3 million (\$665,000 General Fund and \$664,000 federal funds) in 2018-19 and \$1.3 million (\$638,000 General Fund and \$637,000 federal funds) annually thereafter to allow DHCS to provide additional monitoring, oversight and external review of county mental health programs and short-term residential therapeutic programs.
- **Graduate Medical Education (GME) Program Oversight and Monitoring.** The budget includes two positions and expenditure authority of \$244,000 (\$122,000 Designated Public

Hospital GME Special Fund and \$122,000 federal funds) annually to support fiscal oversight and monitoring of the department's implementation of a Medicaid Graduate Medical Education Program for designated public hospitals.

- **Hospital Quality Assurance Fee Program.** The budget includes 11.5 positions and expenditure authority of \$2.3 million (\$1.1 million Hospital Quality Assurance Revenue Fund and \$1.1 million federal funds) in 2018-19, \$2.9 million (\$1.4 million Hospital Quality Assurance Revenue Fund and \$1.4 million federal funds) in 2019-20 and 2020-21, and \$1.6 million (\$806,000 Hospital Quality Assurance Revenue Fund and \$806,000 federal funds) annually thereafter. These positions and resources will allow DHCS to provide ongoing administration and implementation of the Hospital Quality Assurance Fee, which was reauthorized on a permanent basis by Proposition 52, approved by voters in 2016. The Legislature also approved trailer bill language to authorize retention of up to \$500,000 each fiscal quarter to cover the non-federal share of administrative costs. State law previously allowed retention of up to \$250,000 each fiscal quarter for this purpose.
- **Federally Qualified Health Center Audits (AB 1863).** The budget includes expenditure authority of \$282,000 (\$141,000 General Fund and \$141,000 federal funds) in 2018-19 and \$1.3 million (\$670,000 General Fund and \$669,000 federal funds) in 2019-20 to support new audit workload to manage the addition of marriage and family therapists (MFTs) to the list of health care professionals whose services may be reimbursed as a separate visit at a federally qualified health center (FQHC) or rural health clinic (RHC), pursuant to the requirements of AB 1863 (Wood), Chapter 610, Statutes of 2016.
- **Drug Medi-Cal and Specialty Mental Health Services – FQHCs and RHCs.** The budget includes five positions and expenditure authority of \$891,000 (\$446,000 General Fund and \$445,000 federal funds) in 2018-19, \$3 million (\$1.5 million General Fund and \$1.5 million federal funds) in 2019-20, \$3.2 million (\$1.6 million General Fund and \$1.6 million federal funds) in 2020-21, \$1.2 million (\$581,000 General Fund and \$580,000 federal funds) in 2021-22, and \$595,000 (\$298,000 General Fund and \$297,000 federal funds) annually thereafter. These positions and resources will allow DHCS to provide oversight, implement system changes, and audit reimbursement rate changes for federally qualified health centers and rural health clinics to provide specialty mental health or Drug Medi-Cal services to eligible beneficiaries pursuant to SB 323 (Mitchell), Chapter 540, Statutes of 2017.
- **Medi-Cal Program Integrity Data Analytics.** The budget includes expenditure authority of \$9 million (\$2.3 million General Fund and \$6.8 million federal funds) in 2018-19 and up to \$10 million (\$2.5 million General Fund and \$7.5 million federal funds) in 2019-20 to allow DHCS to contract with a data analytics vendor to provide access to numerous proprietary databases, sort approximately 200 million fee-for-service reimbursement claims, and utilize statistical models and intelligent technologies to identify aberrant utilization and billing practices that are potentially fraudulent or erroneous.
- **Ombudsman Customer Relations Management System.** The budget includes expenditure authority of \$500,000 (\$250,000 General Fund and \$250,000 federal funds) in 2018-19 and \$173,000 (\$86,000 General Fund and \$87,000 federal funds) annually thereafter to allow DHCS to procure a new cloud-based Customer Relations Management (CRM) Software as a Service (SaaS)

solution from the Office of Technology Services (OTech) and for increased ongoing subscription costs to support the Office of the Ombudsman's Call Center.

- **Mental Health Fiscal Oversight and Behavioral Health Data Modernization Project.** The budget includes 21 positions and expenditure authority of \$6.7 million (\$2.8 million General Fund, \$3.2 million federal funds, and \$725,000 Mental Health Services Fund) in 2018-19, an additional seven positions and expenditure authority of \$6.5 million (\$2.7 million General Fund, \$2.7 million federal funds, and \$1.1 million Mental Health Services Fund) in 2019-20, \$5.5 million (\$2.2 million General Fund, \$2.2 million federal funds, and \$1 million Mental Health Services Fund) in 2020-21, and \$4 million (\$1.5 million General Fund, \$1.5 million federal funds, and \$1 million Mental Health Services Fund) annually thereafter. These positions and resources will allow DHCS to strengthen fiscal oversight of the Mental Health Services Act, the Medi-Cal Mental Health Managed Care Program, and commence planning for a comprehensive Behavioral Health Data Modernization Project.
- **Medi-Cal General Fund Reappropriation and Loan Authority.** The budget includes reappropriation of General Fund balances from the 2017-18 fiscal year, including any approved supplemental appropriations prior to June 30, 2018, for the Medi-Cal program to carry over unspent General Fund expenditure authority from the prior fiscal year. The Legislature also approved trailer bill language to increase DHCS' existing General Fund loan authority from \$1 billion to \$2 billion to continue funding health care services in Medi-Cal in the event of a General Fund deficiency. The Department of Finance must approve the transfer of loan funds to the department and, within 10 days, notify the Legislature regarding the amount of the transfer, the reasons for the transfer, and the fiscal assumptions used to calculate the transfer amount.
- **CA-MMIS Legacy and Modernization Resources.** The budget includes 17 positions and expenditure authority of \$41.7 million (\$9.7 million General Fund and \$32 million federal funds) in 2018-19, an additional eight positions and expenditure authority of \$23.9 million (\$2.7 million General Fund and \$21.1 million federal funds) in 2019-20, \$11.5 million (\$1.4 million General Fund and \$10.1 million federal funds) in 2020-21, and \$3 million (\$582,000 General Fund and \$2.4 million federal funds) annually thereafter. These positions and resources will allow DHCS to further implement its modernization approach for the California Medicaid Management Information System (CA-MMIS), which processes approximately 200 million claims annually for payment of medical services provided to Medi-Cal members.
- **Clinics/Community Treatment Facilities Supplemental Payments.** The Legislature approved trailer bill language to repeal statutory requirements to establish a supplemental payment program for clinics and community treatment facilities, pursuant to AB 959 (Frommer), Chapter 162, Statutes of 2006. In addition, the trailer bill language eliminates an ongoing annual General Fund appropriation of \$45,000 related to implementation of regulations for community treatment facilities, which generally remains unexpended as DHCS has implemented the required regulations.
- **Cost-Based Reimbursement Clinic Directed Payment Program.** The Legislature approved trailer bill language to establish a new Cost-Based Reimbursement Clinic (CBRC) directed payment program to reimburse CBRCs that contract with managed care plans. The non-federal

share of the program may be funded through voluntary intergovernmental transfers from public entities.

#### **4265 DEPARTMENT OF PUBLIC HEALTH (DPH)**

- **AIDS Drug Assistance Program (ADAP).** The budget includes \$392 million (\$280.5 million ADAP Rebate Fund and \$111.4 million federal funds) in 2017-18 and \$432.1 million (\$299.6 million ADAP Rebate Fund and \$132.4 million federal funds) for expenditures in the AIDS Drug Assistance Program (ADAP), which provides access to life-saving medications for Californians living with HIV and assistance with costs related to PrEP for Californians at risk of acquiring HIV.
- **AIDS Drug Assistance Program Eligibility and Enrollment.** The budget includes expenditure authority from the ADAP Rebate Fund of \$250,000 in 2017-18 and 15 positions and expenditure authority from the ADAP Rebate Fund of \$2.7 million annually thereafter. These positions and resources will allow DPH to manage the workload of transitioning ADAP eligibility and enrollment services to the Office of AIDS.
- **Local Comprehensive HIV Prevention.** The Legislature approved General Fund expenditure authority of \$5 million in 2018-19 to support comprehensive HIV prevention services including Pre-Exposure Prophylaxis (PrEP) and Post-Exposure Prophylaxis (PEP), outreach and navigation, HIV testing for high-risk populations, and related prevention services.
- **Modification and Expansion of PrEP Assistance Program.** The Legislature approved trailer bill language and expenditure authority from the AIDS Drug Assistance Program Rebate Fund of \$2 million annually to modify the PrEP Assistance Program to expand coverage as follows:
  - Eligibility for all residents of California at least 12 years of age.
  - Financial assistance for PEP.
  - Full-cost coverage of PrEP and PEP for uninsured individuals under 18 years old.
  - Health insurance premium support.
  - Full-cost coverage of PrEP and PEP, including medication and medical costs, for individuals unable to use their insurance for confidentiality or safety reasons.
  - Coverage of all PrEP- and PEP-related drug costs not covered by an individual's health insurance plan when a manufacturer's copay assistance program imposes an undue burden.
  - Coverage for starter packs for PrEP and PEP.
- **Sexually Transmitted Disease (STD) Prevention.** The Legislature approved budget bill language and General Fund expenditure authority of \$2 million for local health jurisdictions to support sexually transmitted disease outreach, screening, and other core services.
- **Genetic Disease Screening Program (GDSP).** The budget includes expenditure authority from the Genetic Disease Testing Fund of \$132.1 million (\$27.7 million state operations and \$104.4 million local assistance) in 2017-18, and \$133 million (\$29.5 million state operations and \$103.5 million local assistance) in 2018-19 to fund the Genetic Disease Screening Program, which screens newborns and pregnant women for genetic and congenital disorders.

- **New Genetic Disorders and Second Tier Testing (SB 1095).** The budget includes 18 positions and expenditure authority from the Genetic Disease Testing Fund of \$2.7 million to allow DPH to comply with expanded testing requirements pursuant to SB 1095 (Pan), Chapter 363, Statutes of 2016, including new screening for Mucopolysaccharidosis type I (MPS-I), Pompe disease, and any future additions to the Recommended Uniform Screening Panel.
- **Women, Infants, and Children (WIC) Program.** The budget includes expenditure authority of \$1.2 billion (\$932.7 million federal funds and \$232.7 million WIC manufacturer rebate funds) in 2017-18 and \$1.1 billion (\$906.8 million federal funds and \$229.8 million WIC manufacturer rebate funds) in 2018-19 to fund the Women, Infants, and Children (WIC) Program, which provides nutrition services and food assistance for pregnant, breastfeeding, and non-breastfeeding women, infants, and children up to their fifth birthday at or below 185 percent of the federal poverty level.
- **Infant and Early Childhood Home Visiting Program.** The budget includes permanent extension of 27 expiring, limited-term positions and federal fund expenditure authority of \$903,000 in 2018-19 and \$21.8 million in 2019-20 to allow DPH to continue operation of the California Home Visiting Program (CHVP). The CHVP provides voluntary, evidence-based home visiting services to pregnant and newly parenting families who have one or more risk factors.
- **California Perinatal Equity Initiative.** The Legislature approved trailer bill language and General Fund expenditure authority of \$15 million annually to expand the Black Infant Health Program to further the goal of reducing the disparities in infant mortality within the black community. The expanded program, the California Perinatal Equity Initiative, will fund local programs that combine social interventions with medical interventions and other wrap-around services including, but not limited to, evaluation, personalized case management, educational programs, and wraparound care provided by home visitors and various medical personnel.
- **Center for Healthcare Quality (CHCQ).** The budget includes expenditure authority of \$272.5 million (\$3.7 million General Fund, \$100.3 million federal funds, and \$168.5 million special funds and reimbursements) in 2017-18 and \$280.4 million (\$3.7 million General Fund, \$102.1 million federal funds, and \$174.7 million special funds and reimbursements) in 2018-19 for the Center for Healthcare Quality (CHCQ), which is responsible for administering the licensure, regulation, inspection, and certification of health care facilities and certain health care professionals in California. The Legislature also approved budget bill language to allow CHCQ to increase its expenditure authority by \$1.7 million upon federal approval of a Certified Nursing Assistant Training Kickstarter Program to assist health employers and skilled nursing facilities to train certified nursing assistants.
- **Licensing and Certification: Los Angeles County Contract Extension.** The budget includes expenditure authority from the Licensing and Certification Program Fund of \$2.6 million in 2018-19 to allow DPH to fund a one-year extension of the Los Angeles County contract for licensing and certification activities and to account for adjustments to the indirect cost rate, employee benefits rate, personnel costs, and lease costs. The Legislature also approved budget bill language to authorize DPH to increase funding for the Los Angeles County contract as needed based on actual cost information that becomes available during 2018-19.

- **Licensing and Certification: Los Angeles County Supplemental Licensing Fee.** The Legislature approved trailer bill language to authorize a supplemental license fee on facilities located in Los Angeles County to offset additional costs necessary to regulate facilities in the county.
- **Licensing and Certification: Health Care Licensing and Oversight.** The budget includes 22 positions and expenditure authority of \$2.7 million (\$2.4 million Licensing and Certification Program Fund and \$294,000 Internal Departmental Quality Improvement Account) annually to allow DPH to improve core operations and effectiveness, foster quality improvement projects, and address workforce needs, particularly in the licensing of certified nurse assistants.
- **Public Beaches: Inspection for Contaminants (SB 1395).** The budget includes General Fund expenditure authority of \$354,000 in 2018-19, \$242,000 in 2019-20, \$370,000 in 2020-21, and \$125,000 in 2021-22 and 2022-23. These resources will allow DPH to finalize development of guidelines approving the use of new rapid test methods to replace current conventional culture methods for determining closures of public beaches due to contamination, pursuant to the provisions of SB 1395 (Block), Chapter 928, Statutes of 2014. Staff funded by these resources will be redirected from other divisions within DPH.
- **Birth Certificate Processing Increase for Real ID Act Compliance.** The budget includes expenditure authority from the Health Statistics Special Fund of \$796,000 in 2018-19, 2019-20, and 2020-21 to allow DPH to meet the demand for an increased number of birth certificate requests due to requirements of the federal Real ID Act. The Legislature also approved budget bill language to authorize additional expenditure authority from the Health Statistics Special Fund of up to \$1.59 million if necessary to support additional workload.
- **Alzheimer's Disease Program Grant Awards.** The budget includes expenditure authority of \$3.2 million (\$3.1 million General Fund and \$104,000 CA Alzheimer's Disease and Related Disorders Research Fund) in 2018-19 and \$3 million (\$3.1 million General Fund and a reduction of \$138,000 CA Alzheimer's Disease and Related Disorders Research Fund) annually thereafter to allow DPH to fund research related to the study of Alzheimer's disease and related disorders.
- **Expanded Lead Testing for California Children (AB 1316).** The budget includes two positions and expenditure authority from the Childhood Lead Poisoning Prevention Fund of \$276,000 annually to allow DPH to develop regulations and perform additional blood lead testing and analysis under an expanded standard of care required by AB 1316 (Quirk), Chapter 507, Statutes of 2017.
- **Emergency Response: Public Health Crisis Response Grant.** The Legislature approved budget bill language to allow augmentation of appropriation authority for federal funds to quickly accept public health emergency funding that may be made available pursuant to a new Centers for Disease Control and Prevention (CDC) Public Health Crisis Response Grant.
- **BabyBIG Infant Botulism Treatment and Prevention Program.** The Legislature approved budget bill language to allow flexibility to meet manufacturing costs if the timeline for the next production cycle of Human Botulism Immune Globulin (BabyBIG), a treatment for infant botulism, shifts into the 2018-19 fiscal year.

- **Use of Federal Standards for State Regulation.** The Legislature approved trailer bill language to allow use of federal certification standards for state licensure for certain facilities. The language also allows use of federal standards during the rulemaking process for regulations related to intermediate care facilities for individuals with developmental disabilities.
- **Sunset Extension for Needle Exchange Programs.** The Legislature approved trailer bill language to eliminate the sunset date for needle exchange programs, shorten the period of public comment before program approval to 45 days, and protect staff, volunteers, and program participants from criminal liability for possession, furnishing, or transferring materials deemed by a local or state health department to be necessary to prevent the spread of communicable diseases, or to prevent drug overdose, injury, or disability to program participants.
- **Systems of Care for Amyotrophic Lateral Sclerosis (ALS).** The Legislature approved budget bill language and General Fund expenditure authority of \$9 million for three years to support the ALS Association to provide a wraparound model of care for individuals diagnosed with ALS and their caregivers.
- **Valley Fever Funding.** The Legislature approved budget bill language and General Fund expenditure authority of \$8 million in 2018-19 for Valley Fever Outreach and Research as follows:
  - \$2 million for valley fever outreach and awareness activities at DPH.
  - \$3 million for valley fever research at the Valley Fever Institute at Kern Medical.
  - \$3 million for valley fever research at the University of California.
- **Lead-Related Construction Program Certification.** The Legislature approved trailer bill language and expenditure authority from the Lead-Related Construction Fund of \$75,000 annually to set the Lead-Related Construction Program fee at \$87 for an application submitted for lead-related construction program certification. Fee revenue will fund the reasonable administrative costs in connection with processing the application and the department will be required to post any changes to the fee in an annual fee report.
- **Diabetes Awareness Campaign.** The Legislature approved budget bill language and General Fund expenditure authority of \$2.5 million for two years for a diabetes awareness campaign with the following goals:
  - Increased public awareness of the problem of diabetes in the state and the link to heart disease
  - Increased awareness of personal risk and risk factors for diabetes.
  - Increased awareness of prevention and treatment resources and where to access additional information.
  - Incorporating feedback from stakeholders in developing the campaign, including applicable state agencies and local health departments; marketing and advertising firms; health plans, health care practitioners, pharmacists, promotores and community health workers; and experts in behavioral modification, behavioral economics, social media marketing, multi-cultural or multi-lingual messaging, and stakeholder communities that represent the diverse demographics of the state.

- **All Children Thrive Pilot Program.** The Legislature approved budget bill language and General Fund expenditure authority of \$10 million for three years to support the All Children Thrive pilot program to address childhood trauma. The program will be focused on high need cities and counties and is designed to test public health approaches to preventing childhood trauma and countering its effects.
- **Binational Border Health Funding.** The Legislature approved General Fund expenditure authority of \$300,000 annually to backfill the loss of federal funds for border health efforts.
- **Viral Rickettsial Disease Lab Enhanced Upgrade.** The budget includes reversion of \$3.8 million General Fund and new General Fund expenditure authority of \$4.9 million to upgrade the Richmond Campus Viral Rickettsial Disease Laboratory to meet Bio-Safety Level-3 requirements established by the Centers for Disease Control and the National Institute of Health.

#### 4440 DEPARTMENT OF STATE HOSPITALS (DSH)

- **Incompetent to Stand Trial Diversion Program.** The Legislature approved trailer bill language and General Fund expenditure authority of \$100 million over three years to promote community mental health treatment and diversion for individuals determined to be, or at risk of being determined to be, incompetent to stand trial. Specifically, the program includes the following components:
  - Diversion of Individuals with Mental Disorders – Grants pre-trial diversion to defendants, including postponement of prosecution and referral to mental health treatment, under the following conditions:
    - 1) The court is satisfied the defendant suffers from a qualifying mental disorder including, but not limited to, schizophrenia, schizoaffective disorder, or post-traumatic stress disorder, but excluding antisocial personality disorder, borderline personality disorder, and pedophilia.
    - 2) The court is satisfied the defendant’s mental disorder played a significant role in the commission of the charged offense.
    - 3) A qualified mental health expert determines the defendant would respond to mental health treatment.
    - 4) The defendant consents to diversion, waives his or her right to a speedy trial, and agrees to comply with treatment as a condition of diversion.
    - 5) The court is satisfied the defendant will not pose an unreasonable risk of danger to public safety.
    - 6) The court is satisfied the recommended treatment program will meet the specialized mental health needs of the defendant.
    - 7) The period of diversion shall be no longer than two years.

If the court concludes a defendant has substantially complied with the requirements of diversion, has avoided significant new violations of law, and has a plan in place for long-term mental health care, the court shall dismiss the charges that prompted the initial diversion.

- Community-Based Treatment – Provides \$100 million over three years to assist counties in providing diversion for individuals with serious mental illnesses who may otherwise be found incompetent to stand trial. These county programs will provide clinically appropriate or evidence-based mental health treatment and wraparound services across a continuum of care to:
  - 1) Individuals diagnosed with schizophrenia, shizoffective disorder, or bipolar disorder who could potentially be found incompetent to stand trial.
  - 2) Individuals for which there is a significant relationship between the individual’s mental disorder and the charged offense or between the individual’s conditions of homelessness and the charged offense.
  - 3) Individuals that do not pose an unreasonable risk of danger to public safety if treated in the community.

The Legislature also approved SB 215 (Beall), Chapter 1005, Statutes of 2018, which makes the following changes to the mental health diversion program approved in the budget:

- Restrict participation in the mental health diversion program by excluding individuals charged with murder, rape, and other sex crimes.
  - Provide for a hearing to determine if restitution is owed to victims by diversion participants.
  - Allow courts to require a prima facie finding of eligibility for the program prior to diversion.
- **Los Angeles County Incompetent to Stand Trial (IST) Community Treatment.** The budget includes General Fund expenditure authority of \$13.1 million to contract with Los Angeles County for 150 beds to treat IST patients in community settings, based on the county’s experience in treating misdemeanor IST patients in similar settings. Under the contract, the county will provide a coordinated continuum of mental health placements including five beds in a locked acute psychiatric hospital, 45 beds in a locked Institute for Mental Disease or mental health rehabilitation center, and 100 beds in residential facilities with clinical and supportive services. The contract will also include \$2.5 million of funding for Los Angeles County staffing resources for 10 to 12 positions, including a clinical team of six to eight staff members, which would provide patient support by stabilizing patients on medications and preparing them for community placement, and a navigation team of two to three staff members to support connections to social services and other needs.
  - **Competency Restoration Assessments.** The Legislature approved trailer bill language to allow for an individual declared incompetent to stand trial to be assessed at any time to determine if the individual has regained competence and may be returned to the referring county for criminal proceedings.
  - **Metropolitan State Hospital: Bed Expansion.** The budget includes a reduction of 10.1 positions and General Fund savings of \$1 million in 2017-18, an increase of 162.8 positions and General Fund expenditure authority of \$24.8 million in 2018-19 and an increase of 342.2 positions and General Fund expenditure authority of \$50.6 million in 2019-20 to activate newly secured units at

Metropolitan State Hospital to provide increased capacity for the treatment of patients referred to the State Hospital system as incompetent to stand trial.

- **Metropolitan State Hospital: Operating Expense and Equipment.** The budget includes General Fund expenditure authority of \$3.7 million annually to fund the operating equipment and expenses associated with the activation of additional beds for the treatment of IST patients at Metropolitan State Hospital.
- **Metropolitan State Hospital: Consolidation of Police Operations.** The budget includes General Fund expenditure authority of \$1.5 million in 2018-19 to allow DSH to construct a new building to accommodate the Department of Police Services, Office of Special Investigation, and the Emergency Dispatch Center at Metropolitan State Hospital.
- **Metropolitan State Hospital: CTE Fire Alarm System Upgrade Reappropriation.** The budget includes reappropriation of \$3.4 million General Fund expenditure authority originally approved in the 2017 Budget Act to allow DSH to upgrade existing fire alarm systems for the Chronic Treatment East building at Metropolitan State Hospital.
- **Metropolitan State Hospital: Central Utility Plant.** The budget includes General Fund expenditure authority of \$2.6 million annually to fund the operation and maintenance of the Central Utility Plant at Metropolitan State Hospital.
- **Patton State Hospital: Fire Alarm System Upgrade.** The budget includes General Fund expenditure authority of \$9.4 million in 2018-19 to allow DSH to remove and replace deficient SimplexGrinnell Fire Alarm Control Panels and associated components in four patient-occupied buildings at Patton State Hospital.
- **Patton State Hospital: Construct New Main Kitchen Reappropriation.** The budget includes reappropriation of \$33.1 million of expenditure authority from the Public Buildings Construction Fund originally approved in the 2008 Budget Act and reappropriated in the 2010 and 2012 Budget Acts to allow DSH to continue the construction phase for a new main kitchen at Patton State Hospital.
- **Enhanced Treatment Program Implementation.** The budget includes General Fund savings of \$2.2 million in 2017-18, a reduction of 56.9 positions and reduction of General Fund expenditure authority of \$4.6 million in 2018-19, and an increase of 60.3 positions and General Fund expenditure authority of \$8.3 million in 2019-20. These resources reflect updated cost estimates and adjustments to authority in the 2017 Budget Act to activate the Enhanced Treatment Program (ETP) units at Atascadero State Hospital and Patton State Hospital. AB 1340 (Achadjian), Chapter 718, Statutes of 2014, authorized DSH to establish an ETP pilot project to expand the range of clinical treatment options for patients determined to be at the highest risk of dangerous behavior or violence against other patients or hospital staff and who cannot be safely treated in a standard treatment environment.
- **Coalinga State Hospital: New Activity Courtyard Reappropriation.** The budget includes reappropriation of \$5.7 million General Fund expenditure authority originally approved in the 2017

Budget Act to allow DSH to complete construction of a new activity courtyard at Coalinga State Hospital.

- **Coalinga State Hospital: Mentally Disordered Offender Bed Activation.** The budget includes 81.2 positions and General Fund expenditure authority of \$11.5 million in 2018-19 and 96.9 positions and General Fund expenditure authority of \$13.7 million in 2019-20 to increase capacity for the treatment of mentally disordered offenders (MDOs) at Coalinga State Hospital. This increased capacity is intended to allow transfer of MDOs from other State Hospitals to create additional capacity for the treatment of IST patients. Coalinga has already increased its MDO capacity by 25 beds. These resources will allow for a two-phase activation of an additional 80 beds during 2018-19.
- **Unified Hospital Communications Public Address – Phase Two.** The budget includes two positions and General Fund expenditure authority of \$359,000 in 2018-19, \$4.6 million in 2019-20, \$7.7 million in 2020-21, and \$3.7 million annually thereafter. These positions and resources will allow DSH to support an increase in maintenance costs for Phase One, and implementation of Phase Two, of its Unified Hospital Communications Public Address System Project.
- **Protected Health Information Implementation.** The budget includes eight three-year, limited-term positions and General Fund expenditure authority of \$988,000 in 2018-19, 2019-20, and 2020-21. These positions and resources will allow DSH to implement new procedures for processing invoices and payments from external medical providers containing protected health information and consolidate financial operations into a single unit.
- **Maintenance and Operations for Personal Duress Alarm System.** The budget includes General Fund expenditure authority of \$2.7 million annually to allow DSH to support ongoing maintenance and service for its Personal Duress Alarm System Project.
- **Information Technology Security Program Enhancement.** The budget includes two positions and General Fund expenditure authority of \$3.1 million in 2018-19 and \$1.7 million annually thereafter to allow DSH to provide adequate staffing to protect information assets and remediate findings identified in a recent security assessment by the California Military Department.
- **Electronic Health Records Planning.** The budget includes four positions and General Fund expenditure authority of \$1.3 million in 2018-19 and \$713,000 in 2019-20 to allow DSH to complete Stages 3 and 4 of the Project Approval Lifecycle process for implementation of an integrated electronic health record for State Hospital inpatients.
- **Kern County Admission, Evaluation, and Stabilization Program.** The budget reflects General Fund savings of \$2.6 million in 2017-18 related to delays in negotiation and execution of a contract with Kern County to establish an Admission, Evaluation, and Stabilization (AES) Center at the Lerdo Pre-Trial Facility located in Bakersfield. The Kern AES Center is expected to receive and treat IST patients committed to State Hospitals directly from nearby catchment counties.
- **Jail-Based Competency Treatment Program Expansion.** The budget includes General Fund savings of \$561,000 in 2017-18, General Fund expenditure authority of \$9.6 million in 2018-19, and General Fund expenditure authority of \$15.6 million in 2019-20 to activate new and existing

jail-based competency treatment (JBCT) beds for the treatment of IST patients in county jails, pursuant to approval of program expansions in previous budget requests. DSH contracts with counties to provide restoration of competency services in jails, treating IST patients with lower acuity that are likely to be quickly restored to competency.

- **Napa Earthquake Repairs.** The budget includes redirection of \$2.4 million of General Fund savings in 2017-18 from construction delays for ETP units at Atascadero State Hospital, additional expenditure authority of \$1.9 million (\$1.1 million General Fund and \$834,000 reimbursements) in 2017-18, and reimbursement expenditure authority of \$1.2 million in 2018-19 and \$608,000 in 2019-20. These resources will fund increased costs for repair projects related to the 2014 South Napa Earthquake, which caused damage to buildings at Napa State Hospital with historical significance, within the hospital's secure treatment area, and in non-secured areas of the hospital.
- **Conditional Release Program: Non-Sexually Violent Predator Caseload Adjustment.** The budget includes General Fund expenditure authority of \$976,000 in 2018-19 and \$1.6 million annually thereafter for the forensic Conditional Release Program (CONREP), which provides outpatient treatment to individuals ordered by a court to be released if their symptoms have been stabilized and they no longer represent a danger to society. These resources will allow DSH to establish a new contract for a 16 bed Statewide Transitional Residential Program, which provides CONREP patients the opportunity to learn and demonstrate appropriate community living skills in a controlled setting with 24 hour supervision.
- **Conditional Release Program: Sexually Violent Predator Caseload Adjustment.** The budget reflects General Fund savings of \$96,000 in 2017-18 in the CONREP-Sexually Violent Predator program based on adjustments to caseload due to the timing of conditional release dates from state hospital commitments.
- **Medicare Premium Cost Increase.** The budget includes General Fund expenditure authority of \$600,000 for Medicare premium payments related to an increase in the Medicare-eligible population, the implementation of Medicare Part D, and regular cost-of-living adjustments by the federal government.
- **Hepatitis C Treatment Expansion.** The budget includes General Fund expenditure authority of \$3.3 million annually to allow DSH to expand treatment eligibility for state hospital patients infected with Hepatitis C Virus (HCV), in accordance with a statewide adjustment to eligibility criteria for HCV treatment occurring in the California Department of Corrections and Rehabilitation and the Department of Health Care Services. The updated treatment guidelines will offer treatment to all appropriate patients with chronic HCV regardless of the stage of liver fibrosis, consistent with recent guidance provided by the American Association for the Study of Liver Disease.
- **Lanterman-Petris-Short (LPS) Reimbursement.** The budget includes reimbursement expenditure authority of \$20.1 million in 2017-18 and annually thereafter to allow DSH to receive reimbursements from counties for the care and treatment of additional LPS patients.

**4560 MENTAL HEALTH SERVICES OVERSIGHT AND ACCOUNTABILITY COMMISSION (MHSOAC)**

- **County Mental Health Innovation Planning.** The budget includes expenditure authority from the Mental Health Services Fund of \$2.5 million in 2018-19 and 2019-20 for MHSOAC to contract with a private entity to provide support to counties in developing plans for innovative programs under the Mental Health Services Act, specifically to address community mental health diversion efforts for individuals found incompetent to stand trial.
- **Immigrant and Refugee Mental Health Stakeholder Advocacy Contract.** The Legislature approved expenditure authority from the Mental Health Services Fund of \$670,000 annually for MHSOAC to develop stakeholder advocacy contracts to support the mental health and engagement of immigrants and refugees.
- **Triage Funding Reappropriation.** The budget includes reappropriation of expenditure authority from the Mental Health Services Fund of \$20 million for funding of triage personnel approved in the 2017 Budget Act.

**4800 CALIFORNIA HEALTH BENEFIT EXCHANGE**

- The budget includes \$319.6 million from the California Health Trust Fund for the California Health Benefit Exchange, which facilitates the enrollment of qualified individuals and small employers in qualified health plans, including through Covered California. There were no budget proposals for the California Health Benefit Exchange.

***Health Budget Trailer Bills and Budget Bill Jr.***

1. *Health Omnibus – AB 1810 (Committee on Budget), Chapter 34, Statutes of 2018.*
2. *Medi-Cal – SB 849 (Committee on Budget and Fiscal Review), Chapter 47, Statutes of 2018.*
3. *Budget Bill Jr. – SB 856 (Committee on Budget and Fiscal Review), Chapter 30, Statutes of 2018.*

# HUMAN SERVICES

## **0530 HEALTH AND HUMAN SERVICES AGENCY, OFFICE OF SYSTEMS INTEGRATION (OSI)**

- The 2018 budget includes \$451 million for OSI. For additional information about automation projects, please see the Department of Social Services.

## **4100 STATE COUNCIL ON DEVELOPMENTAL DISABILITIES (SCDD)**

- The Legislature approved \$12.2 million (\$7.3 million federal funds; \$4.9 million reimbursements) for 2018-19, as budgeted.

## **4170 CALIFORNIA DEPARTMENT OF AGING (CDA)**

The budget includes \$205.3 million (\$41.0 million General Fund) for CDA, including:

- **Long-Term Care Ombudsman.** The 2018 budget increases the base allocation for local Long-Term Care Ombudsman offices to \$100,000 annually.
- **Supplemental Nutrition Assistance Program - Education (SNAP-ED).** The budget approves a request to increase state operations reimbursement authority by \$200,000 and three positions, and local assistance reimbursement authority by \$1.28 million (all federal funds) for SNAP-ED.

## **4185 CALIFORNIA SENIOR LEGISLATURE (CSL)**

- The budget includes the reappropriation of any unused funds of the unencumbered balance of General Fund appropriated to the CSL in the Budget Act of 2017. The CSL estimates that \$300,000 of the \$375,000 appropriated in 2017-18 will not be expended by the end of the fiscal year, and the reappropriated funds will be available for encumbrance or expenditure until June 30, 2019.

## **4300 DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)**

The Department of Developmental Services is responsible under the Lanterman Developmental Disabilities Services Act for providing persons with developmental disabilities the services and supports they need to lead more independent and productive lives and to make choices and decisions about their lives. The budget includes a total of \$7.4 billion (\$4.4 billion General Fund, \$2.8 billion reimbursements, \$56 million federal funds, and \$6.7 million other special funds) to support the department and its activities. Highlights of the budget include:

- **Uniform Holiday Schedule Suspension.** The budget includes a one-time augmentation of \$29.3 million (General Fund) to support the delayed implementation of the 14 day Uniform Holiday Schedule by one year. The schedule prohibits regional centers from compensating

specified vendors for services provided on any of the 14 holidays identified in the statute. Currently, most regional centers operate on a ten-day holiday schedule.

- **Bridge Funding for Service Providers.** The budget includes \$25 million (General Fund) for a rate increase for direct care service staff. The funding is intended to provide a limited-term increase until the current ongoing rate study is completed in 2019. The department shall determine a methodology to distribute the funds in consultation with the Department of Finance.
- **Provider Rate Increase.** The budget includes an increase of \$17.7 million (General Fund) to provide a rate increase for Home Health, Intermediate Care Facility-Developmentally Disabled, and Pediatric Day Health Care providers. This is consistent with increases provided in the Department of Health Care Services, Medi-Cal program.
- **Minimum Wage.** The budget includes an increase of \$245.4 million (\$133.7 million General Fund) to reflect the impact on providers of the state minimum wage.
- **Community Homes Oversight.** The budget includes \$2 million (\$1.4 million General Fund and \$581,000 reimbursements) to support the development and ongoing monitoring of community homes and services for residents transitioning from developmental centers and/or consumers in crisis.
- **Centralized Statewide Activities.** The budget includes a shift of \$2.1 million (\$1.6 million General Fund and \$470,000 reimbursements) from the department's Developmental Centers program to Headquarters for statewide oversight positions and activities that will continue beyond closure of the developmental centers.
- **Internal Audit Unit.** The budget includes \$295,000 (\$178,000 General Fund and \$117,000 reimbursements) to begin start-up and planning activities to establish an internal audit unit that will evaluate fiscal and programmatic internal controls, identify areas for improved efficiencies, and provide recommendations for addressing internal deficiencies.
- **Person-Centered Planning Training.** The budget includes \$404,000 (\$310,000 General Fund and \$94,000 reimbursements) to contract for resources to develop and implement training for consumers, families, and regional center staff on person-centered practices.
- **Electronic Visit Verification (EVV).** The budget includes \$300,000 (\$200,000 General Fund) to fund the planning and alternatives analysis of a statewide EVV solution.
- **Best Buddies.** The budget includes \$1.5 million (General Fund) for support of the Best Buddies program.
- **Safety Net and Crisis Services.** The budget includes supplemental reporting language requiring the department to provide quarterly updates to the appropriate fiscal and policy committees on the development of community-based safety net and crisis services.

- **Client Rights Advocates.** The budget includes trailer bill language to provide Clients Rights Advocates (CRA) statutory rights to access records for individuals in facilities for which CRAs receive statutory notice upon admission, with the clients' permission.
- **Respite Policies.** The budget includes trailer bill language requiring transparency of respite policies and protocols.
- **Self Determination Program.** The budget includes trailer bill language regarding federal funds received for the Self Determination program to be used to maximize the ability of program participants to direct their own lives and ensure that the department and regional centers implement the program.
- **Acute Crisis Services.** The budget includes trailer bill language on acute crisis services that corrects drafting errors that omit developmental services.
- **Kern Regional Center.** The budget includes \$300,000 (General Fund) to support the operations of Kern Regional Center. The augmentation is dependent upon the determination by the department that the regional center has demonstrated compliance with its solvency plan and special contract language. The budget also includes supplemental report language relating to the Kern Regional Center and community-based safety net and crisis services. The language requires the department to provide periodic updates to the relevant fiscal and policy committees of the Legislature about the fiscal solvency and operational challenges faced by Kern Regional Center.

#### **4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (CSD)**

- The budget includes \$314.8 million for CSD, and approves a request to reappropriate any unexpected balances of 2015-16 local assistance appropriations received from the Greenhouse Gas Reduction Fund (GGRF) to be available for encumbrance until the end of 2018-19, and available for liquidation until the end of 2019-20.

#### **5160 DEPARTMENT OF REHABILITATION (DOR)**

- The budget includes \$463.4 million (\$65.5 million General Fund) for DOR to provide direct services and advocacy resulting in employment, independent living, and equality for individuals with disabilities.
- The budget approves \$2 million in reimbursement authority for 2018-19 and 2019-20 to assist the California Public Utilities Commission (CPUC) in administering the Deaf and Disabled Telecommunications Program, \$400,000 in reimbursement authority and three permanent positions for ongoing workload associated with two interagency agreements involving the California State Lottery and the California Workforce Association and providing technical assistance to state entities to convert their websites and documents into an accessible format, and \$1 million Vending Stand Fund beginning 2018-19 for the Business Enterprises Program which supports blind food vendors operating in government facilities.

**5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

- The budget includes \$1 billion (\$318.6 million General Fund) for child support services to establish parentage and collect child support.
- The budget also includes language that 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 purposes of identifying operational inefficiencies and further refinements to the budget methodology beginning July 1, 2018, and requires the department to submit a report to the chairs of the budget committees by July 1, 2019.

**5180 DEPARTMENT OF SOCIAL SERVICES (DSS)**

Overall, the budget approves \$24.9 billion (\$9.0 billion General Fund) for the department. Notable program investments include:

**California Work Opportunity and Responsibility to Kids (CalWORKs).** The budget for the CalWORKs program, including assistance payments, services, administration, and child care, is \$6.2 billion (\$528.2 million General Fund). Specifically, the CalWORKs budget includes:

- **Ending Childhood Deep Poverty.** The budget increases the maximum aid payment (MAP) amounts for CalWORKs recipients by 10 percent effective April 1, 2019, and includes \$90 million in 2018-19 and \$360 million annually thereafter for these purposes. Trailer bill language also states the intent of the Legislature to provide future grant increases in 2019-20 and 2020-21 in order to increase grants to no less than 50 percent of the Federal Poverty Level.
- **Cost-of-Living Adjustment.** The budget includes trailer bill language that codifies cost-of-living adjustments to CalWORKs grants beginning 2022-23, subject to funding in the annual budget act.
- **Safety Net Reserve.** The budget establishes a Safety Net Reserve Fund for CalWORKs to maintain services and benefits in economic downturns, and includes an initial transfer of \$200 million. The Department of Finance (DOF), in consultation with DSS and the Legislative Analyst's Office (LAO), will present a methodology to the Legislature to determine future transfers to and distributions from the fund.
- **Home Visiting Initiative.** The budget provides \$26.7 million to establish the CalWORKs Home Visiting Initiative beginning January 1, 2019, as a voluntary program for the purpose of supporting positive health, development, and well-being for eligible pregnant and parenting women, families, and infants born into poverty. A total of \$131.6 million in one-time federal Temporary Assistance for Needy Families (TANF) block grant funds is reserved for the pilot's total costs through 2021.
- **Single Allocation.** The budget provides \$23.5 million General Fund (one-time) to backfill the May Revision reduction to the employment services portion of the CalWORKs Single Allocation while a new methodology is established.

- **Housing Support Program.** The budget approves \$24.2 million to help CalWORKs families secure permanent housing through the Housing Support Program, increasing total funding from \$47 million to \$95 million annually beginning in 2019-20.
- **Homeless Assistance Program.** The budget increases the CalWORKs Homeless Assistance Program Payment Rate from \$65 to \$85 for temporary shelter support, and provides \$7.6 million in 2018-19 to raise the daily rate, effective January 1, 2019.
- **Welfare to Work Study Time.** The budget approves no-cost trailer bill language that permits CalWORKs Welfare to Work study time provided by an educational or training institution to be counted as work activity.
- **Child care.** For information about the total child care package, please see Subcommittee No. 1 on Education.

**Child Welfare Services (CWS).** The budget for the realigned CWS and Adoptions programs is \$6.4 billion (\$2.7 billion General Fund). Specifically, the budget includes a number of items to improve child welfare services, including:

- **Continuum of Care Reform.** The budget includes \$312.6 million (\$247.8 million General Fund) to fund the implementation of the Continuum of Care (CCR) reform. This includes additional funds for counties of \$6.3 million General Fund (one-time) for Resource Family Approval (RFA), \$4.8 million General Fund (one-time) for Level of Care (LOC) Assessments. The budget also adopts supplemental reporting language regarding the Child and Adolescent Needs Assessment (CANS) and an assessment of its workload and costs.
- **Resource Family Approval (RFA).** The budget includes funding and trailer bill language regarding the CCR Caregiver Emergency Assistance Payments and Long-Term Funding Solution. Beginning July 1, 2018, emergency caregivers will be provided payment at the time of placement. For 2018-19, families who experience a delay in payment beyond 90 days can receive an extension of either 180 or 365 days, and counties will need to provide documentation showing that specific conditions are met. For 2019-20 and beyond, emergency caregivers will still receive payment at the time of placement, and if the approval process takes longer than 90 days, DSS will consider extensions under specified circumstances.
- **Group Home Extensions.** The budget approves trailer bill languages to establish a contingency plan regarding the CCR and placements, permitting an exception process for group homes caring for foster youth after December 31, 2018 on a case-by-case basis with specified conditions.
- **True-Up Reconciliation Process.** The budget approves trailer bill language to establish a CCR true-up reconciliation process to appropriately account for state and county administrative costs.
- **CWS Case Reviews Oversight Assistance.** The budget approves nine positions and \$1.3 million General Fund for CWS Case Reviews and Oversight Assistance, to enable DSS to increase coordination with and provide technical assistance to counties to develop or improve county mental and physical health services for vulnerable children ages zero to five and their families and to conduct required qualitative case reviews for rural child welfare and probation agencies.

- **Psychotropic Medication Oversight.** The budget approves \$702,000 General Fund for Psychotropic Medication Oversight in foster care, for two years to support the equivalent of six positions to ensure the increased oversight of psychotropic medication continues.
- **Resource Family Approval (RFA) Backlog.** The budget approves a proposal to increase CCR funding by \$4.6 million to provide one-time funding to address county backlog of Resource Family applications.
- **Caregiver Emergency Assistance Payments.** The budget approves a proposal to provide an increase of \$13.4 million for counties to support up to six months of emergency assistance payments prior to resource family approval, beginning July 1, 2018, and up to three months of emergency assistance payments beginning July 1, 2019.
- **Home-Based Family Rate Clarification.** The budget approves a proposal to clarify in statute the non-applicability of the Home-Based Family Care rate structure for Adoption Assistance Program, Kin-GAP, and Non-Related Legal Guardian cases that went to permanency on or before December 31, 2016.
- **Law Enforcement Referrals.** The budget approves \$4 million General Fund (one-time) and trailer bill language to create a state intervention to assist with law enforcement referrals from group homes and remaining shelters, with the goal of improving outcomes for adolescents and older youth.
- **Chafee Grants.** The budget includes \$4 million General Fund ongoing to provide additional Chafee Grant Foster Youth grants to older youth up to the age of 26.
- **Data on Older Youth.** The budget approves supplemental reporting language that requires the LAO, with assistance from DSS, to review data about the reporting of child abuse or neglect incidents among older foster youth.

**Community Care Licensing.** The budget approves 12.5 positions and \$1,041,000 Total Funds (\$591,000 General Fund) for Private Alternative Boarding Schools and Outdoor Program Oversight and Policy Development to permanently support licensing to implement SB 524 (Lara), Chapter 864, Statutes of 2016, which established Private Alternative Boarding Schools and Private Alternative Outdoor Programs as two new subcategories of Group Homes to be overseen by the department.

**Food Assistance.** The budget approves \$324.8 million (\$306.8 million General Fund) for food assistance programs such as the Emergency Food for Families Fund, the federal Emergency Food Assistance Program, the California Food Assistance Program, and the Work Incentive Nutritional Supplement. The budget also includes one-time funding of \$5.5 million General Fund for food bank infrastructure investments, one-time funding of \$9 million General Fund for the CalFresh Food and Vegetable Pilot, and approves supplemental reporting language requiring a Food for All Stakeholder Workgroup to review how the state and local entities can improve current programs. Additionally, the budget provides \$1.8 billion (\$665.2 million General Fund) for CalFresh administration.

**Supplemental Security Income/State Supplemental Payment (SSI/SSP).** The budget includes \$9.9 billion (\$2.8 billion General Fund) for SSI/SSP. Specifically, the budget includes:

- **SSI Cash-Out with Hold Harmless.** The budget includes \$220 million General Fund (one-time) to support a reversal of the CalFresh cash-out policy for the SSI/SSP caseload, with trailer bill language expressing the intent of the Legislature to provide additional future funding to continue the hold harmless policy for all current cases.
- **Cost-of-Living Adjustment.** The budget includes trailer bill language that codifies cost-of-living adjustments to SSP grants beginning 2022-23, subject to funding in the annual Budget Act.

**In-Home Supportive Services (IHSS).** The budget includes \$11.6 billion (\$3.8 billion General Fund) for IHSS services and administration. Specifically, the budget includes:

- **Waiver Personal Care Services (WPCS) Provider Parity.** The budget includes \$3 million General Fund ongoing to establish an employer of record and provide health benefits to achieve parity for WPCS providers.
- **County Administration.** The budget includes \$15.4 million General Fund for 2018-19 to partially fund a shortfall in county administration for the IHSS program.
- **Electronic Visit Verification (EVV).** The budget approves budget bill language regarding EVV implementation readiness for the state.
- **Paid Sick Leave Workgroup.** The budget includes no-cost trailer bill language that will require DSS, in consultation with DOF and stakeholders, to reconvene the paid sick leave workgroup for IHSS no later than February 1, 2019, and to complete its work by November 1, 2019.
- **Case Management, Information, and Payrolling System (CMIPS II) update.** The budget includes supplemental reporting language requiring DSS to provide an update to the Legislature and stakeholders, as part of the 2019-20 budget process, on the engagement of counties in the implementation of CMIPS II.
- **In-Depth Monitoring of IHSS.** The budget approves six permanent positions and \$780,000 (\$390,000 General Fund) in 2018-19 and \$712,000 (\$356,000 General Fund) annually thereafter for In-Depth Monitoring of the IHSS Program to provide in-depth monitoring and technical assistance to help improve county administration of the IHSS program.
- **Collective Bargaining and State Administration.** The budget approves the two-year limited-term resources to address a temporary increase in workload associated with recent statutory changes to the IHSS program related to collective bargaining for IHSS provider wages and benefits and county maintenance of effort provisions.

**Adult Protective Services.** The budget approves \$15 million General Fund (one-time) to pilot a new Home Safe Program within Adult Protective Services. The funding will be available to participating counties over a three-year period to provide housing-related supports to seniors experiencing homelessness or at risk of becoming homeless.

**Immigration Services.** The budget includes \$65 million in 2018-19 for immigration services, including one-time funding of \$10 million General Fund for work on behalf of clients who are current or former recipients of federal Temporary Protected Status and to provide services for Undocumented Unaccompanied Minors, and \$7 million for immigration services for persons in the California State University system.

**Disaster Relief.** The budget approves three positions and \$428,000 for resources for disaster preparedness to support planning and strengthen California's mass care and shelter capabilities, and approves a proposal on Disaster Assistance with an increase of \$200,000 for the State Supplemental Grant Program to assist victims of the 2017 wildfires and 2018 Southern California mudslides.

**Automation Projects.** The budget includes \$683.0 million (\$284.1 million General Fund) for automation projects for DSS, including Statewide Automated Welfare System, Electronic Benefit Transfer Project, and the State Hearings Division's Appeals Case Management System.

- **CalWORKs Statewide Automated Welfare System (CalSAWS).** The budget approves no-cost trailer bill language creating a CalSAWS Stakeholder Workgroup, to work with the Administration as the state prepares for a unified Statewide Automated Welfare System.
- **State Hub Roadmap Project.** The budget includes supplemental report language requiring the Department of Social Services to provide a briefing to the Legislature and stakeholders beginning July 2018, and quarterly thereafter on the status of the State Hub Roadmap Project.
- **File Clearance Process.** The budget includes supplemental reporting language requiring the Administration to report to the Legislature and stakeholders on options for improving the file clearance process for CalWORKs, CalFresh, and Medical in the Medi-Cal Eligibility Data System (MEDS).

**Miscellaneous.** The budget approves various other augmentations, including:

- **Appeals Case Management System (ACMS).** The budget approves four positions and \$493,000 for ACMS implementation to be part of the State's development and support team and sixteen positions and \$3.2 million for Federal Medicaid Managed Care Final Rule Hearings and Increased Appeals Workload, to process the increased workload associated with implementation of the Final Rule, and a significant increase in the existing workload due primarily to the ongoing impact of the implementation of the Affordable Care Act.
- **Deaf Access Program.** The budget approves \$4 million General Fund ongoing for the Deaf Access Program, with trailer bill language to alter the contracting process.
- **Diaper Bank.** The budget approves \$10 million General Fund in 2018-19 (one-time) to reduce unmet diaper need among low-income families with infants or toddlers, with the diapers to be provided to the community through specified non-profits.

- **Youth and Family Civic Engagement.** The budget approves \$2 million General Fund for 2018-19 (one-time) to provide funding for a Youth and Family Civic Engagement Initiative to be facilitated through specified non-profits.
- **Holocaust Survivor Assistance Program.** The budget approves \$3.6 million General Fund for 2018-19 (one-time) to fund the Holocaust Survivor Assistance Program. The program will award grants to eligible individuals and their caregivers that help the recipients remain independent and address the consequences of trauma.

### ***Human Services Budget Trailer Bills***

1. *Human Services – AB 1811 (Committee on Budget), Chapter 35, Statutes of 2018.*
2. *Human Services Clean-Up – SB 876 (Committee on Budget and Fiscal Review), Chapter 454, Statutes of 2018.*
3. *Developmental Services – SB 853 (Committee on Budget and Fiscal Review), Chapter 50, Statutes of 2018.*

SUBCOMMITTEE 4  
ON  
STATE ADMINISTRATION  
AND  
GENERAL GOVERNMENT

Senate Committee on Budget and Fiscal Review

*Members*

Richard D. Roth, Chair  
Steven M. Glazer  
Scott Wilk

*Consultants*

James Hacker  
Renita Polk  
Joe Stephenshaw

# SUBCOMMITTEE No. 4

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# STATE ADMINISTRATION AND GENERAL GOVERNMENT

The Budget Act of 2018 includes changes to increase transparency and governmental efficiency, capital outlay and infrastructure development projects, and augmentations in key areas, as described below.

## INFRASTRUCTURE AND DEFERRED MAINTENANCE

The budget includes \$305 million General Fund for deferred maintenance projects across various state agencies. Departments and agencies may use up to ten percent of their allocations to conduct assessments of department infrastructure.

The budget also sets aside \$630 million from the General Fund into the State Project Infrastructure Fund (SPIF) for the renovation of the State Capitol Annex. The budget also authorizes the use of lease revenue bonds should the funding in SPIF not be sufficient to cover project costs.

## CANNABIS REGULATION<sup>1</sup>

The budget includes a total of \$133.3 million for cannabis-related activities across several departments. Activities are funded on a two-year, limited-term basis. Details are below.

- **Licensing and Enforcement.** The budget includes funding for licensing and enforcement programs at various departments. Funding for the following entities is included: Department of Food and Agriculture (\$28.3 million), Department of Public Health (\$10.6 million), Department of Consumer Affairs (\$33.9 million), and the Department of Finance (\$440,000). The budget also includes a General Fund loan of up to \$59 million to the Cannabis Control Fund.
- **Tax Collection and Business Filings.** The budget includes funding for the ongoing support of tax collection activities. These activities include the collection of cash payments and the establishment of a Department of Tax and Fee Administration (CDTFA) cash collection office in Orange County. Funding for the following entities is included: Employment Development Department (\$3.7 million), CDTFA (\$2.4 million), and the Secretary of State (\$440,000 Business Fees Fund).
- **Hearings and Appeals.** The budget includes funding to conduct administrative hearings and appeals at the Cannabis Control Appeals Panel (\$1.4 million) and the Department of General Services (\$13 million Service Revolving Fund).

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<sup>1</sup> For more information on cannabis related activities see individual department sections.

- **Local Equity Programs.** The budget includes a one-time \$10 million General Fund augmentation for the Bureau of Cannabis Control to provide grants to local equity programs and \$483,000 (Cannabis Control Fund) to provide technical assistance to local equity applicants and licensees.
- **Community Engagement.** The budget includes \$10 million for the Governor’s Office of Business and Economic Development (GO-Biz) to support the Community Reinvestment Grants Program, as specified in Proposition 64.
- **Research.** The budget includes \$2 million for the University of California San Diego’s Center for Medicinal Cannabis Research and \$10 million for a public university or universities chosen by the Bureau of Cannabis Control to research and evaluate the implementation and effect of Proposition 64.
- **Drug Recognition.** The budget includes \$3 million for the California Highway Patrol to establish and adopt protocols to determine whether a driver is operating a vehicle while impaired.
- **Background Checks.** The budget also includes trailer bill language to address a technical issue related to background checks. The language allows the Department of Justice to transmit fingerprint images and related information to the Federal Bureau of Investigation for the purpose of obtaining a federal criminal history records check.

## 0511 SECRETARY FOR GOVERNMENT OPERATIONS AGENCY

The Government Operations Agency is responsible for coordinating state operations, including procurement, information technology, and human resources.

- The budget provides the agency with \$323,000 (reimbursements) and two positions to address increased legal and administrative workload.
- The budget provides \$90 million for communications and outreach efforts connected to the 2020 Federal Census.

## 0515 BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY

The Business, Consumer Services, and Housing Agency is responsible for overseeing departments, boards, commissions, and agencies that protect the public through the licensing and regulation of more than 100 businesses and 200 professional categories. The agency also regulates financial services and state-licensed financial institutions and provides safe and affordable housing options.

- **Agency Organization.** The budget includes \$524,000 (special funds) and four positions to address increased workload relation to the addition of departments, housing initiatives, and involvement in special projects.
- **2018 Homelessness Package.** The budget includes \$500 million in one-time grants to cities and Continuums of Care (CoCs) to address local homelessness. The budget also includes \$500,000 to

fund three permanent positions for the Homeless Coordinating and Financing Council.

### **0650 GOVERNOR'S OFFICE OF PLANNING AND RESEARCH (OPR)**

The OPR assists the Governor and the Administration in planning, research, policy development, and legislative analyses. OPR formulates long-range state goals and policies to address land use, climate change, population growth and distribution, urban expansion, infrastructure development, groundwater sustainability and drought response, and resource protection. OPR maintains and updates the General Plan Guidelines and the California Environmental Quality Act (CEQA) Guidelines, and operates the CEQA Clearinghouse. OPR also houses and supports the Strategic Growth Council (SGC). The 2018-19 budget provides \$626 million for OPR, including:

- **2017 Housing Package.** The budget includes \$333,000 in reimbursement authority and two positions in 2018-19 and 2019-20 to provide technical assistance as required by SB 2 (Atkins), Chapter 364, Statutes of 2017, and to create a technical advisory on recent statutory changes that affect CEQA.
- **California Initiative to Advance Precision Medicine.** The budget includes \$30 million General Fund to further the efforts of the California Initiative to Advance Precision Medicine.

### **0690 OFFICE OF EMERGENCY SERVICES (OES)**

The OES coordinates with local, state, and federal agencies in planning, preparing for, and responding to, emergencies. The budget provides investments to support the department's activities related to fire response, disaster coordination, and infrastructure.

- **Victim Services.** The budget includes \$20.2 million (General Fund and Child Victims of Human Trafficking Fund) to provide services to victims of, and others affected by, various crimes. \$10 million will provide services to victims of human trafficking, and \$10 million will provide services to individuals impacted by domestic violence and sexual assault. The budget also includes \$172,000 (Child Victims of Human Trafficking Fund) to provide local assistance for child victims of human trafficking. Lastly, the budget includes language requiring the OES and the California Victims Compensation Board to submit a report with options and recommendations for combining the state's victims programs under one organization.
- **Family Justice Centers.** The budget includes \$10 million (General Fund) to provide grants to Family Justice Centers throughout the state.
- **Internet Crimes Against Children.** The budget includes \$5 million (General Fund) to fund the Internet Crimes Against Children Task Force.
- **Public Health and Safety Upgrades.** The budget includes \$15 million (General Fund) to provide public health and public safety capital upgrades in San Francisco.

- **California Earthquake Early Warning (CEEW) System.** The budget includes a one-time increase of \$15.8 million (General Fund) to provide staffing and to complete the build-out of the CEEW system. Once complete, the system will be able to provide warning in advance of an earthquake and provide enough time to take measures that may reduce the consequences of a major earthquake, such as slowing a speeding train.
- **Public Safety Communications Upgrades.** The budget includes \$15 million (State Emergency Telephone Number Account (SETNA)) to begin a five-year plan to update the California Public Safety Microwave Network. The update would improve emergency communications and provide updated emergency communications equipment.
- **Next Generation 9-1-1 System.** The budget includes \$11.5 million in SETNA funds to build out and support Next Generation 9-1-1 activities and maintain the legacy 9-1-1 system.
- **Mutual Aid System.** The budget includes \$25 million (General Fund) for equipment and technology to improve the state's Mutual Aid System.
- **California Disaster Assistance Act (CDAA).** The budget includes an increase of \$88.1 million (General Fund) over baseline funding for CDAA. These funds will be used to reimburse local jurisdictions for disaster response and recovery-related activities.
- **Office of Emergency Services Other Disaster-Related Activities.** In addition to the activities mentioned above, the budget includes \$20.8 million (\$12.1 million General Fund, \$8.4 million federal funds, and \$0.3 million reimbursements) for other disaster-related activities. Additional activities include coordination of emergency response, management and administration of the Situation Awareness and Collaboration Tool, providing workers compensation benefits to injured volunteers and survivors, hazardous material cleanup, increased workload related to disaster recovery, and hazard mitigation.
- **Debris Removal Cost Share Waiver.** The budget also includes \$34.6 million (General Fund) to waive the local match for Northern and Southern California counties' costs of debris removal.
- **Emergency Water Tank Systems.** The budget includes \$3.5 million (General Fund) to provide grants to install emergency water tank systems, to continue to supply water tanks with water, and maintain and repair these systems.
- **Nonprofit Security Grant Program.** The budget includes \$500,000 (Anti-Terrorism Fund) to enhance the California Nonprofit Security Grant program, which provides funding support for target hardening and other physical security enhancements to nonprofit organizations.
- **Red Mountain Communications Site.** The budget includes a re-appropriation of \$1.3 million (General Fund) for the working drawings phase of the relocation of the Red Mountain Communications site. In addition, the budget provides \$15.4 million (General Fund) for the construction phase of the project.

**0845 DEPARTMENT OF INSURANCE (CDI)**

The CDI regulates the California insurance market, conducts examinations and investigations of insurance companies and producers, and responds to consumer inquiries. All items proposed were approved as budgeted. This includes a total of \$12.8 million (Insurance Fund) to fund the maintenance of the recently upgrade CDI Menu and Integrated Database, enhanced fraud investigations, backlog reduction for producer licensing enforcement cases, legislative proposals relating to surplus line brokers, and updates for worker's compensation enforcement and prosecution costs. In addition, trailer bill language allowing the department flexibility in the location of its San Francisco Bay area office is included.

**0855 GAMBLING CONTROL COMMISSION**

The budget includes trailer bill language requiring the Commission, in consultation with the Department of Finance, to apply excess revenues to reduce pro rata share payments made by certain specified tribes to the Indian Gaming Special Distribution Fund.

**0890 SECRETARY OF STATE (SOS)**

The SOS is the state's chief election office, and administers and enforces election laws. The budget provides the following resources for the Secretary of State:

- **Address Confidentiality.** The budget includes one position and \$240,000 (General Fund) to implement the provisions of SB 597 (Leyva), Chapter 570, Statutes of 2017, and provide increased resources to the SOS's address confidentiality program for victims of various crimes.
- **Business Programs Division.** The budget includes \$5.1 million (Business Fees Fund) and 47 positions to continue to provide resources needed to maintain a five-business day or better processing time for business filings and statements of information.
- **California Automated Lobbying and Campaign Contribution and Expenditure Search System (CAL-ACCESS) Replacement Project.** The budget includes a total of \$15.8 million (\$14.8 million General Fund and \$1 million Political Disclosure, Accountability, Transparency, and Access Fund) to meet the mandates of SB 1349 (Hertzberg), Chapter 845, Statutes of 2016, and replace the current CAL-ACCESS system.
- **California Business Connect Project.** The budget includes \$18.5 million (\$15 million Business Fees Fund and \$3.5 million Business Programs Modernization Fund) to continue implementation of the California Business Connect Project. The project is intended to standardize and simplify the processing of business, trademark and security interest filings, and to provide public access to business information at all times.
- **Cannabis Filings and Trademark Workload.** The budget includes \$440,000 (Business Fees Fund) and three positions to address increased cannabis-related business filings and trademark registration workload.

- **Voting Systems Replacement.** The budget includes \$134 million (General Fund) to cover costs for the replacement of voting systems throughout the state. The budget also includes trailer bill language that allows these funds to be used for the replacement, manufacture, and research and development of new voting systems.
- **Cybersecurity.** The budget includes approximately \$3.1 million (\$2.3 million General Fund and \$759,000 Business Fees Fund) to support the improvement of the SOS's Cyber Security Program and the establishment of the Office of Elections Cybersecurity. The office's activities will be specific to elections and will be performed in coordination with efforts by the California Cybersecurity Integration Center.
- **Help America Vote Act.** The budget includes a total of \$11.3 million (Federal Trust Fund) to implement the Help America Vote Act. \$7.1 million will fund the maintenance and operations costs of California's statewide voter registration database. The remaining \$4.2 million will fund continued implementation of the statewide mandates of the Help America Vote Act of 2002.

### 1111 DEPARTMENT OF CONSUMER AFFAIRS (DCA)

The DCA's boards and bureaus provide exams and licensing, enforcement, complaint mediation, and consumer education. DCA boards and bureaus establish minimal competency standards for more than three million professionals in over 250 professions. The budget provides a total of \$688.9 million (General Fund and various special funds) to support the department and the boards, bureaus, committees, and commissions it has authority over. Highlights of these resources include:

- **BreZE System and Organizational Change Management.** The budget provides \$16.8 million (special funds) for the continued support of BreZE maintenance and operations.
- **Bureau of Real Estate.** The budget reduces DCA's funding by about \$2 million (Real Estate Fund) to implement SB 173 (Dodd), Chapter 828, Statutes of 2017. In addition, \$1.8 million (Real Estate Fund) provides support to the newly established Department of Real Estate. The budget also requires the department to conduct organizational change management reviews of its centralized services, providing \$242,000 (special funds) for that purpose.

The table below includes the remaining boards and bureaus that received augmentations in the 2018-19 budget.

Board/Bureau	Amount	Purpose
Acupuncture Board	\$131,000 (Acupuncture Fund)	Properly align manager-to-staffing ratios
Board of Behavior Sciences	\$175,000 (Behavioral Sciences Fund)	Associate Governmental Program Analyst position in Enforcement Unit
Board of Pharmacy	\$2.2 million (Pharmacy Board Contingent Fund)	Moving costs, pharmacy inspector positions in Enforcement Unit, and implementation of various legislative proposals

Board of Registered Nursing	\$1.3 million (Board of Registered Nursing Fund)	Enforcement staff
Bureau of Security and Investigative Services	\$243,000 (\$200,000 Private Security Services Fund and \$43,000 Private Investigator Fund)	Licensing and Enforcement staff and implementation of SB 559 (Morrell), Chapter 569, Statutes of 2017
Bureau of Cannabis Control	\$34.8 million (\$33.9 million Cannabis Control Fund and \$900,000 reimbursements)	Licensing and Enforcement staff
Contractors State License Board	\$549,000 (Contractors License Fund)	Implementation of Dig Safe Act, SB 661 (Hill), Chapter 809, Statutes of 2016
Bureau of Electronic and Appliance Repair, Home Furnishings and Thermal Insulation	\$2.2 million (Household Movers Fund)	Transition of jurisdiction over household movers from the California Public Utilities Commission to the Bureau
Medical Board	\$107,000 (Licensed Midwifery Fund)	Reimbursements of services provided to the Licensed Midwifery Program
Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board	\$264,000 (Speech-Language Pathology Fund)	Positions to address increased workload
Veterinary Medical Board	\$305,000 (Veterinary Medical Board Contingent Fund)	Increased resources for the Veterinary Assistant Controlled Substances Program

## 1700 DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING (DFEH)

The DFEH is responsible for protecting the civil rights Californians. The department receives, investigates, conciliates, mediates, and prosecutes complaints alleging unlawful discrimination in employment, housing, and public accommodation, and acts of hate violence and human trafficking. The department is authorized to file cases directly in court, and to seek attorney's fees and costs when it is the prevailing party. The department's jurisdiction extends to individuals, private and public entities, housing providers, and business establishments within California. The 2018-19 budget provides \$34 million for DFEH, including:

- **Job Applicant Criminal History (AB 1008).** The budget includes \$1.9 million in 2018-19 and \$1.2 million ongoing from the General Fund for nine positions to process additional employment discrimination complaints associated with AB 1008 (McCarty), Chapter 789, Statutes of 2017.
- **New Parental Leave Act (SB 63).** The budget includes \$218,000 in 2018-19 and \$210,000 ongoing from the General Fund for two positions to process additional complaints resulting from new parent leave labor protections under SB 63 (Jackson), Chapter 686, Statutes of 2017.
- **Systemic Litigation Unit.** The budget includes \$262,000 in 2018-19 and ongoing to fund one position reclassified from the Federal Trust Fund to the Fair Employment and Housing

Enforcement Fund in order to litigate large scale, systemic discrimination cases in accordance with California Civil Rights laws.

## **2100 DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**

- The Department of Alcoholic Beverage Control licenses and regulates persons and businesses engaged in the manufacture, importation, distribution, and sale of alcoholic beverages in California. All items proposed by the Governor were approved as budgeted. This includes a total of \$2.7 million (Alcoholic Beverage Control Fund) to fund various informational technology projects, increased rent costs, and the implementation of AB 1221 (Gonzalez Fletcher), Chapter 847, Statutes of 2017.

## **2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD)**

The HCD's mission is to preserve and expand safe and affordable housing opportunities and promote strong communities for all Californians by: (1) administering housing finance, economic development, and community development programs, (2) developing housing policy and advocating for an adequate housing supply, and (3) developing building codes and regulating manufactured homes and mobilehome parks. HCD also provides technical and financial assistance to local agencies to support community development. The 2018-19 budget includes \$1.2 billion for HCD, including:

- **2018 Housing and Homelessness Package.** In addition to the \$500 million provided to the Business, Consumer Services, and Housing Agency, the budget includes roughly \$360 million in 2018-19, and \$1.8 billion through 2021-22, to combat the state's affordable housing and homelessness crisis. Beginning in 2019-20, this includes an estimated \$300 million per year in Proposition 2 infrastructure funds for HCD's Multifamily Housing Program.
- **2017 Housing Package Implementation.** The budget includes \$16 million and 81 positions in 2018-19, \$21 million and 128 positions in 2019-20, and \$23 million and 146 positions ongoing for State Operations to implement the 2017 Statewide Housing Package. HCD also included Local Assistance authority of \$522 million in 2018-19 and \$773 million in out years. This includes \$62.5 million for the Housing for a Healthy California Program and \$62.5 million for the revamped Emergency Solutions Grant program, both aimed at tackling the state's homelessness crisis.
- **Roberti Affordable Sales Program.** The budget includes a baseline increase in reimbursement authority of \$370,000 in 2018-19, and \$350,000 ongoing, for staffing expenses to ensure the sale of Department of Transportation (Caltrans) surplus property is maintained as affordable housing. This proposal supports Caltrans' administration of the "Roberti Act" Affordable Sales Program on the State Route 710 corridor.
- **Transactions Unit Fund Shift.** The budget includes a net-zero technical shift of \$1.9 million in expenditure authority among funds to continue workload in the Transactions Unit to restructure and extend previous loans. This request is a net-zero change that moves funds from the Roberti Affordable Housing Fund, the California Earthquake Safety and Housing Rehabilitation Bond Account, and an account within the Housing Rehabilitation Loan Fund to the general Housing Rehabilitation Loan Fund.

- **Mobilehome Purchase Program Technical Assistance (SB 136).** The budget includes \$161,000 in 2018-19, and \$151,000 ongoing, from the Mobilehome Park Rehabilitation and Purchase Fund for one position to oversee technical assistance grants for potential applicants to the Mobilehome Park Rehabilitation and Resident Ownership Program pursuant to SB 136 (Leyva), Chapter 766, Statutes of 2017.
- **Mobilehome Release of Liability (SB 542).** The budget includes \$289,000 in 2018-19, and \$259,000 ongoing, from the Mobilehome and Manufactured Home Revolving Fund for three positions to implement the notice of transfer and release of liability provisions of SB 542 (Leyva), Chapter 832, Statutes of 2017.
- **Affordable Housing and Sustainable Communities Program.** The budget includes \$2.8 million in 2018-19, and \$2.6 million ongoing, from the Greenhouse Gas Reduction Fund (GGRF) for 16 positions to implement the later phases of the Affordable Housing and Sustainable Communities (AHSC) program.
- **Veteran's Housing and Homelessness Prevention Program.** The budget includes \$370,000 in 2018-19, and \$350,000 ongoing, from the Housing for Veterans Fund for two positions to execute loan closings and mitigate litigation costs related to the Veterans Housing and Homelessness Prevention Program (VHHP).
- **Long-Term Monitoring and Default Reserve.** The budget includes \$322,000 from the Housing Rehabilitation Loan Fund, two positions to award funds previously held as default reserves, and two positions for long-term monitoring for the VHHP and Affordable Housing and Sustainable Communities and AHSC program. The budget also includes trailer bill language intended to streamline the administration of long-term monitoring, provide consistency across all rental programs, and decrease the risk of default of affordable housing projects.
- **Housing for a Healthy California (AB 74).** The budget includes \$450,000 in 2018-19, \$927,000 in 2019-20, \$477,000 in 2020-21, and \$343,000 ongoing from the Federal Trust Fund to implement AB 74 (Chiu), Chapter 777, Statutes of 2017. The budget also includes authority for two positions, an interagency agreement with the Department of Health Care Services, and a contract with an independent evaluator in 2019-20, as well as trailer bill language to establish authority to collect monitoring fees and deposit the fees into the Housing Rehabilitation Loan Fund.
- **No Place Like Home.** The budget includes trailer bill language to submit the No Place Like Home program to the voters in the November 6, 2018 statewide general election. This program dedicates up to \$2 billion in bond proceeds to address homelessness for individuals with mental health needs through the provision of permanent supportive housing. The Budget allows the voters to validate the program's use of Proposition 63 Mental Health Services Act funds, rather than waiting for validation through the courts, which would expedite the expenditure of these critical homelessness funds.

## 2320 DEPARTMENT OF REAL ESTATE

- The mission of the newly formed Department of Real Estate is to safeguard and promote public interests in real estate matters through licensure, regulation, education, and enforcement. The budget includes \$2.8 million (Real Estate Fund) to establish the department and to fund Department of Consumer Affairs for administrative services provided to the department.

## 7502 DEPARTMENT OF TECHNOLOGY

- The budget includes \$4.7 million (Technology Services Revolving Fund) and five positions to augment the Security Solutions Unit within the Office of Information Security. The budget adopts trailer bill language clarifying the role of the department in overseeing projects that have entered the maintenance and operations phase.

## 7760 DEPARTMENT OF GENERAL SERVICES (DGS)

The DGS provides a variety of functions for the state, including acquisition, development, leasing, disposal, and management of state properties.

- **State Office Buildings.** The budget includes a total of \$29.6 million General Fund for the initial phases of office building projects in the Sacramento area. These projects include the Richards Boulevard office complex (\$18.1 million) and renovations of the Gregory Bateson (\$5.2 million) and Jesse Unruh (\$6.3 million) buildings. The budget also includes \$815,000 for the beginning phase of the demolition of the state printing plant.
- **Electric Vehicle Service Equipment Infrastructure.** The budget includes \$15.6 million (\$7.8 million from the Service Revolving Fund and \$7.8 million General Fund) and one permanent position to continue installation of electric vehicle service equipment in state facilities.
- **Cannabis Administrative Hearings.** The budget includes 26 positions and \$13 million (Service Revolving Fund) to address new administrative hearing workload and for space build-out projects to accommodate the new positions.
- **Leasing Notifications.** The budget includes trailer bill language modifying the requirements for the department entering into a lease agreement where the state is the lessee. In addition, the language requires the department to include specific information in its lease-related notices to the Legislature and to submit an annual report that identifies all leases expected to expire during the subsequent fiscal year.
- **Contracted Fiscal Services.** The budget includes a net augmentation of \$2.5 million to fully recover costs in providing fiscal services. The augmentation consists of a reduction of \$3.1 million (Service Revolving Fund), an increase of \$3.2 million General Fund, and an increase of \$2.4 million (Central Services Cost Recovery Fund).

- **Mercury Cleaners Site Remediation.** The budget includes \$578,000 General Fund to continue monitoring the results of remediation efforts at the former site of Mercury Cleaners.
- **Implementation of Legislative Proposals.** The budget includes a total of \$1 million (Service Revolving Fund) to implement SB 605 (Galgiani), Chapter 673, Statutes of 2017, and AB 262 (Bonta), Chapter 816, Statutes of 2017.
- **Buy Clean Program.** The budget includes trailer bill language that delays implementation of the Buy Clean program.

## **7870 VICTIM COMPENSATION BOARD**

- The budget includes trailer bill language requiring the OES and the California Victims Compensation Board to submit a report with options and recommendations for combining the state's victims programs under one organization. The budget includes other trailer bill language allowing the board to provide additional support to victims of the Golden State Killer.

## **8260 CALIFORNIA ARTS COUNCIL**

- The budget includes a total one-time augmentation of \$10 million General Fund to meet the increased demand in the California Arts Council's existing grant programs, and to conduct a thorough evaluation of its grant program portfolio.

## **8620 FAIR POLITICAL PRACTICES COMMISSION (FPPC)**

- The FPPC is an independent, non-partisan agency responsible for the impartial administration, implementation, and enforcement of the Political Reform Act of 1974. The budget includes \$567,000 General Fund to implement AB 249 (Mullin), Chapter 546, Statutes of 2017, and SB 45 (Mendoza), Chapter 827, Statutes of 2017. Additionally, the budget requires the commission to annually report workload metrics to the Legislature.

## **8940 MILITARY DEPARTMENT**

The California Military Department is responsible for the command, leadership, and management of the California Army and Air National Guard. The budget includes several adjustments designed to better equip the California Military Department with resources to address their mission, including:

- **Work for Warriors.** The budget includes \$1.7 million General Fund to support the Work for Warriors program, which directly assists service members with the employment process, including resume preparation, interviews, and job placement.
- **California Cadet Corps.** The budget includes \$7.2 million to expand the size of the Cadet Corps programs. Funds will support a greater share of program costs that are currently paid for by

schools, including uniforms, state-level activities, curriculum updates, improved staff facilities, and a larger state-level staff.

- **Military Academies.** The budget includes \$3.6 million General Fund for the support of the California Military Institute and the Porterville Military Institute.
- **STARBASE Youth Program.** The budget includes \$1.7 million General Fund to expand the STARBASE youth program at the Joint Forces Training Base in Los Alamitos.
- **Compensation of State Active Duty Employees.** The budget includes a reduction of \$235,000 (\$73,000 General Fund, \$151,000 Federal Trust Fund, \$7,000 reimbursements, and \$4,000 Mental Health Services Fund) to align the pay of state active duty employees to the pay of service members in the United States Army, Air Force, and Navy, pursuant to Military and Veterans Code Sections 320 and 321.
- **Accounting Staff Increase.** The budget includes \$43,000 General Fund to provide accounting personnel in support of the implementation and utilization of the Financial Information System for California.
- **Cyber Network Defense Team.** The budget includes \$2.6 million (reimbursements) to provide additional resources for cyber-related activities performed by the department's Cyber Network Defense Team.
- **Capital Outlay.** The budget includes a total of \$51.4 million (General Fund and federal funds) for the following capital outlay projects, most of which are part of the sustainable armory renovation program.
  - Bakersfield Armory renovation (\$745,000 General Fund and \$745,000 federal funds)
  - Burbank Armory renovation (\$2.9 million General Fund and \$2.9 million federal funds)
  - San Jose Armory renovation (\$2.5 million General Fund and \$2.5 million federal funds)
  - Santa Rosa Armory renovation (\$2.8 million General Fund and \$2.8 million federal funds)
  - Torrance Armory renovation (\$2.4 million General Fund and \$2.4 million federal funds)
  - Advance Plans and Studies (\$150,000 General Fund and \$150,000 federal funds)
  - Los Alamitos National Guard Readiness Center (\$24.7 million General Fund)
  - San Diego Readiness Center (\$2.0 million General Fund and \$2.0 million federal funds)

**8955 DEPARTMENT OF VETERANS AFFAIRS (CALVET)**

The California Department of Veterans Affairs is designed to support the efforts of the United States Department of Veterans Affairs (USDVA) in providing healthcare and a wide array of other benefits to eligible veterans, including educational benefits, disability compensation, pensions, and guarantees on home loans for eligible veterans.

- **California Central Coast Veterans Cemetery (CCCVC).** The budget includes a total of \$791,000 (\$220,000 General Fund and \$571,000 CCCVC Operations Fund) to allow for continued operation and expansion of the cemetery.
- **Veterans Home of California, Yountville.** The budget includes \$7.1 million General Fund for the initial phase of construction of a new skilled nursing facility at the Yountville Veterans Home. The new space will house 240 skilled nursing beds on eleven acres. In addition, the budget includes a reduction of \$732,000 General Fund to convert rooms in the domiciliary level of care at the home to single occupancy.
- **Master Plan for the Veterans Homes System.** The budget includes trailer bill language establishing specific criteria for what should be included in the department's master plan for the system. In addition, the language provides an additional six months for completion of the plan and requires the department to update the plan every five years. The plan would now be due to the Legislature by December 31, 2019.
- **Implementation of Legislative Proposals.** The budget includes a total of \$1.1 million for the department to implement AB 1365 (Reyes), Chapter 509, Statutes of 2017, and SB 776 (Newman), Chapter 599, Statutes of 2017.
- **State Approving Agency for Veterans Education.** The budget includes \$260,000 (Federal funds) for the California State Approving Agency for Veterans Education, which has oversight responsibility for the approval of schools and colleges desiring to enroll veterans using their earned Government Issue Bill Benefits.
- **Information Services Staffing.** The budget includes \$1.2 million (\$1.1 million General Fund and \$145,000 Farm and Home Building Fund) to support the department's information security, applications, websites, databases, and other information technology projects and procurements.
- **Position Funding Alignment.** The budget includes \$1.6 million (General Fund and Farm and Home Building Fund) to correctly align funding associated with General Fund supported programs and to adjust rental payments to the Farm and Home Loan program.
- **Rector Dam and Reservoir.** The budget includes \$1.6 million General Fund to bring the operation of the Rector Dam and Reservoir, located near the Veterans Home of California-Yountville, into compliance the state and federal regulations.
- **Alameda County Veterans Services Office.** The budget includes a one-time General Fund augmentation of \$100,000 for the Alameda County Veterans Services Office.

## NATIONAL MORTGAGE SETTLEMENT

**National Mortgage Settlement Trailer Bill.** Trailer bill language provides legislative confirmation that the allocations of National Mortgage Settlement funds from the Special Deposit Fund to the General Fund in 2011-12, 2012-13, and 2013-14 were consistent with the direction given to the Director of the Department of Finance in SB 1006 (Committee on Budget and Fiscal Review), Chapter 32, Statutes of 2012. The trailer bill also confirms and ratifies that, because those allocations were displayed in the Governor's proposed budget for the years in question, and left unchanged in the budget acts adopted in those years, the Legislature was aware of, and approved, the allocations and expenditures in question.

### *State Administration Trailer Bills*

1. *State Government – AB 1817 (Committee on Budget), Chapter 37, Statutes of 2018.*
2. *State Government – AB 1824 (Committee on Budget), Chapter 38, Statutes of 2018.*
3. *State Capitol Building Annex – AB 1826 (Committee on Budget), Chapter 40, Statutes of 2018.*
4. *No Place Like Home Act of 2018 – AB 1827 (Committee on Budget), Chapter 41, Statutes of 2018.*
5. *State Government: Appointments: Infrastructure – AB 1831 (Committee on Budget), Chapter 43, Statutes of 2018.*
6. *Housing – SB 850 (Committee on Budget and Fiscal Review), Chapter 48, Statutes of 2018.*
7. *National Mortgage Settlement Fund – SB 861 (Committee on Budget and Fiscal Review), Chapter 331, Statutes of 2018.*
8. *Legislative Counsel: workplace conduct services – SB 867 (Committee on Budget and Fiscal Review), Chapter 450, Statutes of 2018.*
9. *County of San Diego: local elections – SB 869 (Committee on Budget and Fiscal Review), Chapter 451, Statutes of 2018.*
10. *State Government – SB 877 (Committee on Budget and Fiscal Review), Chapter 455, Statutes of 2018.*

# STATE FINANCE AND MANAGEMENT

## 0160 LEGISLATIVE COUNSEL BUREAU

- **Workplace Misconduct.** The budget includes trailer bill language that requires the Legislative Counsel to establish a unit within the Legislative Counsel Bureau, consisting of a director, one or more investigators, and additional staff as appropriate, to provide advice and investigation services to the Legislature related to workplace misconduct.

## 0509 GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ)

- **California Competes Tax Credit Program.** The budget includes trailer bill language that provides for a five-year extension of the California Competes Tax Credit program at \$180 million per year through the 2022-23 fiscal year to ensure that California retains this vital program in order to continue to attract, expand, and retain businesses in California. The trailer bill language also requires GO-BIZ to consider the extent to which the credit influences job creation that wouldn't otherwise occur, and to provide information to a member of the committee or their representative that requests it, so long as the info isn't confidential.
- **Small Business Assistance.** The budget includes \$23 million General Fund, each year, for the next five years and trailer bill language to establish the Small Business Development Technical Assistance Expansion Program, which will expand federal small business technical assistance programs into new and/or underserved small business segments, with a focus on women, minority, and veteran-owned businesses and businesses in underserved, rural, and disaster-impacted communities. These funds will also be used to assist the California Small Business Development Center program in drawing down federal funds.
- **Cloud Support and Business Analysis.** The budget includes \$277,000 General Fund and two positions in fiscal year 2018-19 and ongoing to add one Systems Software Specialist III (Technical) and one Staff Information Systems Analyst to meet additional requirements associated with information technology growth.

## 0840 STATE CONTROLLER'S OFFICE

- **Legislative Accounting Workload.** The budget includes \$115,000 General Fund in fiscal year 2018-19 (\$113,000 in 2019-20 and ongoing) and \$230,000 from the Road Maintenance and Rehabilitation Account in 2018-19 (\$226,000 in 2019-20, \$113,000 in 2020-21 and ongoing) for additional positions to address new and increased accounting workload associated with the Road Maintenance and Rehabilitation Program (SB 1), the 2017-18 Supplemental Pension Payment (SB 84), the California Healthcare, Research and Prevention Tobacco Tax Act (Proposition 56), and the Control, Regulate and Tax Adult Use of Marijuana Act (Proposition 64).

- **Financial Information System for California Reporting (FI\$Cal).** The budget includes funding for the transitioning of the State's accounting Book of Record from the SCO Legacy system to the FI\$Cal system and provide support to the FI\$Cal departments. Specifically, the following resources are provided:
  - 2018-19: 30.0 positions and \$5.4 million (\$3.1 million General Fund and \$2.3 million CSGRF).
  - 2019-20: 49.0 positions and \$7.5 million (\$4.3 million General Fund and \$3.2 million CSGRF).
  - 2020-21: 49.0 positions and \$7.5 million (\$4.3 million General Fund and \$3.2 million CSGRF).
  - 2021-22: 47.0 positions and \$7.2 million (\$4.1 million General Fund and \$3.1 million CSGRF).

Resources requested for 2022-23 and beyond will require the Department of Finance (DOF) approval in subsequent years.

- **California State Payroll System Project.** The budget includes \$4.6 million General Fund in fiscal year 2018-19 (\$3.4 million in 2019-20) to fund positions to complete the Project Approval Life Cycle process, including selection and implementation of the selected payroll solution. This effort also includes development of additional features/functionality and statewide implementation of the Employee Self-Service portal web application.
- **CalATERS System.** The budget includes \$1.6 million General Fund in fiscal year 2018-19 (\$704,000 in 2019-20 through 2021-22) to support: 1) additional positions to work with the current vendor on making necessary minor modifications to the legacy CalATERS system to enhance data interface with FI\$Cal and help reduce manual accounting workload on departments using FI\$Cal, 2) purchase of the CalATERS code from IBM, 3) hiring/developing staff or outsourcing expertise for the maintenance of the CalATERS system until a replacement system is implemented, and 4) complete a Proof of Concept process that will identify complexities, technical feasibilities, and the level of customization associated with implementing a new system. Budget bill language is also included authorizing augmentation or reversion, as necessary, for costs associated with these efforts.
- **Local Apportionments Workload Increase.** The budget includes \$246,000 (\$138,000 General Fund, \$104,000 Central Service Cost Recovery Fund (CSCRF), and \$4,000 reimbursement) and two positions to address increased workload related to apportionment payments to local governments and schools.
- **Road Maintenance and Rehabilitation Program.** The budget includes \$909,000 from the Road Maintenance and Rehabilitation Account (RMRA) to support seven positions to ensure local agencies are spending funds on street, road, and highway purposes related to RMRA.
- **FI\$Cal Claim Audits Workload.** The budget includes \$265,000 (\$151,000 General Fund; \$114,000 CSCRF) in 2018-19 and \$236,000 (\$135,000 General Fund; \$101,000 CSCRF) in 2019-20 and 2020-21 (for a three-year limited-term basis) to support 3.0 positions to address increased workload required to audit FI\$Cal vouchers and to fulfill SCO's constitutional and statutory responsibilities to audit vouchers prior to payment and to protect taxpayer's dollars.

- **CA IDMS Licensing.** The budget includes the following funding to support the increased costs associated with maintaining the Computer Associates (CA) Integrated Database Management System (IDMS) and to support positions to develop a migration pilot to remove five core systems off of the CA-IDMS:
  - 2018-19 and 2019-20: \$5.7 million (\$2.4 million General Fund; \$2.2 million Special Fund; \$1.1 million reimbursement) and four permanent positions and one LT positions.
  - 2020-21: through 2022-23: \$5.5 million (\$2.3 million General Fund; \$2.1 million Special Fund; \$1.1 million reimbursement) and four permanent positions.
  - 2023-24: and ongoing: \$522,000 (\$232,000 General Fund; \$276,000 Special Fund; \$14,000 reimbursement) and four permanent positions.

Additionally, budget bill language allows DOF to adjust authorized amounts based on executed contract costs.

- **Payroll Audits.** The budget includes \$682,000 (\$389,000 General Fund; \$293,000 CSCRF) in 2018-19, and \$668,000 (\$381,000 General Fund; \$287,000 CSCRF) in 2019-20 to support five two-year limited-term positions to perform audits of payroll controls and payroll records to ensure compliance with the SCO's decentralized legacy payroll system, processes, and practices.
- **Personnel and Payroll Services Workload.** The budget includes the following resources to address understaffing, workload automation and workload related to the Affordable Care Act and the Public Employee's Pension Reform Act within the Personnel and Payroll Services Division:
  - 2018-19: \$6.1 million (\$3.5 million General Fund; \$2.6 million CSCRF).
  - 2019-20: \$6 million (\$3.4 million General Fund; \$2.6 million CSCRF).
  - 2020-21: and 2021-22: \$4.2 million (\$2.4 million General Fund; \$1.8 million CSCRF).
  - 2022-23: and ongoing: \$3.8 million (\$2.2 million General Fund; \$1.6 million CSCRF).
  - 37.0 permanent positions and 19.0 limited-term (LT) positions (15 two-year LT; four four-year LT).

## 0860 BOARD OF EQUALIZATION (BOE)

The BOE received additional funding for several areas of tax and fee collection that it administers, as well as new programs. These resources would be reassigned, as necessary, to the BOE's successor agencies, Office of Tax Appeals (OTA) or California Department of Tax and Fee Administration (CDTFA), to carry-out the required activities.

- **Board Member Staffing.** The budget includes budget bill language to 1) allow Board Members to retain their current staffing level until the end of the current term in December of 2018, and 2) as of January, 2019, allow Board Members to retain two exempt and four civil service positions and moves two positions that are reduced from each Board Member office to the BOE Headquarters.
- **Authority to Cooperate.** The budget includes trailer bill language that would authorize the CDTFA and the BOE to delegate, share, and provide assistance for, or transfer between themselves administrative responsibilities for tax and fee programs within the Department's and Board's respective duties, powers, and responsibilities pursuant to an agreement. The language prohibits the

agreement between the Department and the Board from transferring jurisdiction over any tax and fee program that is the subject of the agreement. This trailer bill language provides authority for the Department and the Board to have an agreement for administrative responsibilities. Last year, the Board of Equalization had its duties narrowed to its constitutional duties and two new entities, the Department of Tax and Fee Administration, and the Office of Taxpayer Appeals, were created to carry out the remaining responsibility of the Board.

## **0870 OFFICE OF TAX APPEALS**

- **Administrative, Staff Attorney, and Support Positions.** The budget includes nine positions to provide the Office of Tax Appeals with sufficient legal and administrative staff to fulfill its mission. Seven of the positions will assist with business tax appeal workload and two positions will perform administrative duties. All of the positions are funded within current budget authority.

## **0950 STATE TREASURER'S OFFICE**

- **Debt Management System II Project.** The budget includes \$6.1 million in reimbursement authority for 2018-19 (\$1.2 million ongoing). This funding is consistent with the project's Special Project Report 3.
- **Infrastructure Support and Sustainability.** The budget includes \$450,000 General Fund, on a one-time basis, to fund costs associated with providing IT support to STO and the various boards, commissions, and authorities.

## **0954-0989 STATE TREASURER'S BOARDS, COMMISSIONS AND AUTHORITIES**

The budget addresses several issues related to the functioning of several state boards, authorities and commissions.

## **0971 ALTERNATIVE ENERGY & ADVANCED TRANSPORTATION FINANCING AUTHORITY**

- **Administration of California Hub for Energy Efficiency Financing Pilot Programs.** The budget includes reimbursement authority for CAEATFA to carry out its functions as the administrator of the California Hub for Energy Efficiency Financing pilots on behalf of the California Public Utilities Commission, as follows: \$3.6 million in 2018-19, \$3 million in 2019-20, and \$1.6 million in 2020-21. Trailer bill language is also included that gives the Department of Finance the ability to increase annual CAEATFA spending authority (but not to exceed the full budget authority requested over the three years), with a 30-day notification to the Joint Legislative Budget Committee, if a change in the expected pilot timelines results in annual costs that exceed CAEATFA's annual budget authority.

## **0981 CALIFORNIA ABLE ACT BOARD**

- **California ABLE Contract Funding.** The budget includes \$2 million (\$1.8 million as a General

Fund loan) for costs associated with hiring a program manager to assist with the launch of the Achieving a Better Life Experience Program and to support administrative costs for the Board, including funding for staff, funding for operating costs, and funding for marketing and outreach activities. Budget bill language is also included to allow expenditures in excess of the Budget Act appropriation, not to exceed the fund balance, not sooner than thirty days after notification to the Joint Legislative Budget Committee.

#### **0984 SECURE CHOICE RETIREMENT SAVINGS INVESTMENT BOARD**

- **CalSavers Program Implementation.** The budget includes a General Fund loan of \$2.5 million for fiscal year 2018-19 to provide resources for the Board and the CalSavers program, including funding for new and existing staff, external consultants, and administrative and overhead costs.
- **CalSavers Program Name Change.** The budget includes trailer bill language to change the name of the California Secure Choice Retirement Savings Program (Secure Choice) to the CalSavers Program consistent with the name change made by the Board.

#### **0989 CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY**

- **College Access Tax Credit.** The budget includes \$66,000 from the California Access Tax Credit Fund to support the continued administration of the College Access Tax Credit Program (CATC) pursuant to AB 490 (Quirk-Silva), Chapter 527, Statutes of 2017. SB 798 (De Leon), Chapter 367, Statutes of 2014, created the CATC to encourage taxpayers to make charitable donations to the state's Cal Grant program which provides financial aid to low-income California students pursuing higher education. AB 490 extended the sunset date for the credit by five years, until 2023.

#### **1701 DEPARTMENT OF BUSINESS OVERSIGHT (DBO)**

- **Information Technology Consulting Services Workload.** The budget includes \$132,000 in 2018-19 (\$130,000 ongoing) in reimbursement authority and one permanent Information Technology Specialist I position to provide information technology support services to the Business, Consumer Services and Housing Agency, the Seismic Safety Commission, and the newly formed Cannabis Control Appeals Panel.
- **Information Technology Office – Workload Growth and Risk Mitigation Initiative.** The budget includes \$613,000 in Special Funds in 2018-19 (\$577,000 ongoing) and four positions to begin to eliminate backlogs and fill critical resource and skill gaps in the Information Technology Office (ITO) organization. These resources will enable DBO to increase the capacity and competency of the ITO to a level where it can more effectively and efficiently maintain and support DBO's technology systems that are critical to serving California consumers in its regulatory oversight of California financial service providers.
- **Student Loan Servicing Act Implementation.** The budget includes \$737,000 from the Financial Institutions Fund (\$690,000 ongoing) and five permanent positions; two positions to perform examinations of Student Loan Servicing Office licensees and three positions to handle consumer

complaints, as required by AB 2251 (Stone), Chapter 824, Statutes of 2016.

## 7600 DEPARTMENT OF TAX AND FEE ADMINISTRATION (CDTFA)

- **Proposition 56 Adjustment.** The budget continuously appropriates Proposition 56 revenue that was previously included in CDTFA budget act appropriations.
- **Sales and Use Tax Exemption Reporting Requirement.** The budget includes trailer bill language to eliminate an unnecessary component of the reporting requirement for CDTFA related to the sales and use tax exemption for manufacturing equipment and clarifies that the estimate of revenue loss is from the DOF.
- **Centralized Revenue Opportunity System Project.** The budget includes \$70.1 million (\$39.8 million General Fund), the redirection of two permanent positions, and 6.15 temporary position in 2018-19 to ensure that the Centralized Revenue Opportunity System Project has the resources required to continue the implementation phase. This request includes the continuation of funding authorized in 2017-18 and the reclassification of select, prior approved permanent positions.
- **Film Tax Credit.** The budget includes trailer bill language to enact Film and TV Tax Credit 3.0, primarily by establishing, similar to existing credits, 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.

## 7730 FRANCHISE TAX BOARD (FTB)

- **Earned Income Tax Credit.** The budget includes trailer bill language to expand the Earned Income Tax Credit to working individuals who are aged 18 to 24 or over age 65. In addition, the budget adjusts the qualifying income range for the credit so that employees working up to fulltime at the 2019 minimum wage of \$12 per hour would qualify for the credit. This expansion of the credit is expected to cost about \$60 million in 2018-19 and to benefit over 700,000 households. Lastly, the budget includes \$10 million for additional outreach and free tax preparation services.
- **Audit Staffing Increase.** The budget includes \$7.8 million General Fund, ongoing, to address unfunded needs for staff resources performing audits. The funding will allow the FTB to hire 50 auditors into positions that have been held vacant and fund 25 upgrades. According to the FTB, these resources will enable them to generate an additional \$90 million in revenue.
- **Enterprise Data to Revenue Project.** The budget includes \$2.5 million General Fund and the conversion of 20 limited-term positions to permanent status in 2018-19 and ongoing.
- **Information Technology Security Enhancements.** The budget includes \$5.0 million (\$4.9 million General Fund and \$135,000 Special Funds) in 2018-19, and \$4.1 million (\$4.0 million General Fund and \$111,000 Special Funds) in 2019-20 and 23 positions, to accommodate workload growth within the critical functions of Information Security, Worksite Security, Privacy and Disclosure, and FTB's Infrastructure.

- **Information Technology Classification Consolidation.** The budget includes \$1.8 million General Fund in 2018-19 and \$2.3 million General Fund in 2019-20 and ongoing to cover the costs of transitioning from the outdated Information Technology (IT) classification series to the new IT Classification series. The State Personnel Board and Department of Human Resources collaborated to create a plan that modernizes IT classifications to attract and retain competitive and knowledgeable staff.
- **Tribal Taxes.** The budget includes trailer bill language to exempt the earned income derived from tribal land of an individual who is a member of a federally recognized Native American tribe who resides within any tribal land in California and performs work on any other tribal land. Costs are estimated at \$1.1 million annually.
- **Repeal Date for Tax Data Exchange.** The budget includes trailer bill language to remove the repeal date for the tax data exchange agreement between the FTB and local governments.

## 8860 DEPARTMENT OF FINANCE (DOF)

- **FI\$Cal Reporting.** The budget includes supplemental reporting language requiring the department to provide a list of specific budget proposals related to the FI\$Cal Integrated Solution.
- **Internal Cash Borrowing.** The budget includes trailer bill language to authorize a designee of the Governor to direct transfer of moneys to the General Fund.
- **State Administrative Costs.** The budget includes trailer bill language to add the Department of General Services to this list of state entities to be provided a fair share of administrative costs, as specified.
- **Department of Finance Audit Authority.** The budget includes trailer bill language to give DOF's Office of State Audits and Evaluations (OSEA) the same authority to request information as the State Auditor and also clarifies the need for departments to comply with corrective action to audit findings.
- **May Revision.** The budget includes supplemental reporting language expressing the intent of the Legislature to engage in discussions with the next administration regarding an earlier release date for the May Revision.

## PROPOSITION 2 DEBT REPAYMENTS

- Using \$1.7 billion made available through the Proposition 2 mechanism, the budget incorporates a pay down of budgetary debt and other long-term liabilities. The budget includes a special fund loan repayment of \$205 million. In addition, the Proposition 2 plan includes a weight fee payment of \$382 million, Proposition 98 settle-up payment of \$100 million, and \$235 million in transportation loan repayment. The plan also includes additional payments to state retirement obligations including \$195 million for state retiree health and \$623 million to pay down the loan for last year's supplemental PERS payment.

## STATE BUDGET RESERVES

- The budget devotes significant resources to budgetary reserves. \$1.7 billion is deposited to the Budget Stabilization Account (BSA) as a mandatory payment and \$2.6 billion is dedicated to the BSA as a supplemental payment, bringing the balance to \$13.8 billion, which meets the constitutional maximum level. In addition, the state's general reserve, the Special Fund for Economic Uncertainties, is budgeted to be \$2.0 billion.
- **The Safety Net Reserve.** The budget establishes a new Safety Net Reserve, including an initial deposit of \$200 million General Fund. The Safety Net Reserve includes Medi-Cal and CalWORKs subaccounts within the reserve. The initial \$200 million deposit is to the CalWORKs subaccount. Trailer bill language directs DOF to work with the Legislative Analyst's Office to determine a methodology to calculate how future caseload savings will be deposited into this subaccount and potentially other subaccounts for other safety net programs.
- **Budget Deficit Savings Account.** The budget establishes a new Budget Deficit Savings Account to hold the amount dedicated for the discretionary BSA deposit in May. If funds remain in this account after the BSA transfer, half of the balance would be transferred to the Safety Net Reserve.

### *State Finance and Management Budget Trailer Bills*

1. *State Government – AB 1817 (Committee on Budget), Chapter 37, Statutes of 2018.*
2. *Budget Deficit Savings Account: Safety Net Reserve – AB 1830 (Committee on Budget), Chapter 42, Statutes of 2018.*
3. *Taxation – SB 855 (Committee on Budget and Fiscal Review), Chapter 52, Statutes of 2018.*
4. *Tax Credits: Motion Pictures – SB 871 (Committee on Budget and Fiscal Review), Chapter 54, Statutes of 2018.*
5. *Leg Counsel: Workplace Conduct – SB 867 (Committee on Budget and Fiscal Review), Chapter 450, Statutes of 2018.*
6. *Tax Credits: Motion Pictures – SB 878 (Committee on Budget and Fiscal Review), Chapter 456, Statutes of 2018.*

## LOCAL GOVERNMENT

### 8885 COMMISSION ON STATE MANDATES

- **Repealed Mandates Payment.** The budget includes \$280.5 million General Fund to pay down a long-standing state liability associated with expired or repealed state mandates, including the interest owed. This funding was owed as a result of mandates associated with mental health services, and local agencies are strongly encouraged to use new funds towards these services.
- **Mandate Payment.** The budget includes \$34.7 million to fund non-education mandates, primarily related to public safety or property taxes.

### 9210 LOCAL GOVERNMENT FINANCING

- **County Assessors' Grant Program.** The budget includes \$5 million General Fund and trailer bill language for state supplementation of the County Assessors Program. The funds will provide county assessors with resources to hire new assessment staff and improve IT systems to allow assessors to more accurately value existing property and expeditiously enroll new property, which would thereby increase countywide assessed values. Higher assessed values would mean higher property tax revenue for K-14 schools, which offsets the state's Proposition 98 General Fund obligation.
- **Property Tax Backfill.** The budget includes \$32.9 million General Fund to backfill the property tax revenue losses that cities, counties, and special districts will incur in 2017-18 and 2018-19 due to wildfires and mudslides. Budget bill language authorizes the additional payment of property tax losses resulting from the 2017 wildfires and mudslides, if the amount appropriated in this item is insufficient to backfill the actual losses. The provisional language will also require the return by local agencies of any remittances that are eventually determined to exceed actual losses.
- **Local Government Taxes.** Trailer bill language limits the ability of local governments to impose taxes and/or fees on groceries, as specified.

#### *Local Government Budget Trailer Bills*

1. *State Government, AB 1817 (Committee on Budget), Chapter 37, Statutes of 2018.*
2. *Local Government: Taxation, AB 1838 (Committee on Budget), Chapter 61, Statutes of 2018.*
3. *Local Government: Taxation, SB 872 (Committee on Budget and Fiscal Review), Chapter 88, Statutes of 2018.*

SUBCOMMITTEE 5  
ON  
CORRECTIONS,  
PUBLIC SAFETY, AND THE  
JUDICIARY

Senate Committee on Budget and Fiscal Review

*Members*

Nancy Skinner, Chair  
Joel Anderson  
Jim Beall

*Consultants*

Christopher Francis  
Anita Lee

# SUBCOMMITTEE No. 5

## CORRECTIONS, PUBLIC SAFETY, AND THE JUDICIARY

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# JUDICIARY

## 0250 JUDICIAL BRANCH

The budget includes \$5.2 billion (\$1.9 billion General Fund and \$3.3 billion other funds) in total 2018-19 funding for the Judicial Branch. Of note are the following:

- **Trial Court Capital Outlay.** The budget provides \$1.3 billion of General Fund-backed lease revenue bonds to complete construction on ten courthouse projects in 2018-19 and 2019-20. Trailer bill language revises the criteria that are used to select future court construction projects and requires a long-term fund condition statement for the construction account associated with each construction-funding request.
- **Discretionary Funding for Trial Courts.** The budget includes \$75 million General Fund for allocation to trial courts statewide, based on the Judicial Council's priorities. The budget also establishes legislative intent that \$10 million of the \$75 million is used to expand court reporter services in family court proceedings.
- **Support for Trial Court Operations.** The budget includes \$47.8 million General Fund to equalize funding among comparatively underfunded courts by bringing all trial courts up to the statewide average funding level.
- **Pre-trial Reform.** The budget increases the Trial Court Trust Fund appropriation by \$15 million and adds provisional budget bill language to support pre-trial reform start-up activities associated with SB 10 (Hertzberg), Chapter 244, Statutes of 2018.
- **Trial Court Employee Health Benefits and Retirement.** The budget includes an increase of \$24.9 million General Fund for trial court employee health benefit and retirement costs.
- **Services for Self-Represented Litigants.** The budget includes an increase of \$19.1 million General Fund so that additional staff and attorneys can provide assistance to self-represented litigants with filling out forms, understanding court processes, and answering questions. This funding raises the total budget for self-help services to \$30.3 million. The budget also includes \$3.2 million in 2018-19, \$1.9 million in 2019-20, and \$709,000 ongoing beginning in 2020-21, to design, build, and maintain a web portal to enable those without legal representation to research, e-file, and track non-criminal cases via an online portal. Finally, the budget includes four positions at the Judicial Council of California to provide support in administering and maintaining the statewide e-Services Web Portal.
- **County Law Libraries.** The budget gives a one-time allocation of \$16 million General Fund for County Law Libraries to address a decline in civil filing fee revenue that started in 2009.
- **Equal Access Fund (EAF).** The budget provides \$10 million General Fund, beginning in 2019-20, and ongoing, to support the EAF.

- **Language Access.** Trailer bill language appropriates \$4 million General Fund to continue expanding the availability of interpreter services in all courts. The budget also includes an ongoing augmentation of \$4 million General Fund and three positions to advance implementation of the Strategic Plan for Language Access in California Courts by providing training for court interpreters, and funding for signage and materials in appropriate languages throughout the courts. The intent of these investments is to enhance effective communication for those navigating courthouses.
- **Pilot Project for Online Adjudication of Minor Traffic Violations.** The budget includes \$3.4 million General Fund and seven positions in 2018-19, and \$1.4 million and seven positions ongoing, for an eight-court pilot with the goal of moving toward a civil model for adjudication of minor traffic violations and simplifying current criminal procedures. Trailer bill language shapes the pilot so that it includes an ability-to-pay component to reduce the total and monthly payment amounts of traffic fines and fees for eligible indigent and low-income individuals.
- **Judgeships.** The budget includes \$2.9 million General Fund ongoing for two additional judgeships in Riverside County Superior Court, and \$1.2 million General Fund ongoing for one additional Justice in the Fourth Appellate District Court of Appeal in the San Bernardino/Riverside area. Trailer bill language increases the number of judges in the division of the Court of Appeal in the Fourth District in San Bernardino/Riverside from seven to eight and increases the number of judges for Riverside County from 51 to 53. Additional clarifying language states that the two trial court judges added in the 2018 Budget Act for Riverside County account for two of the 50 judgeships currently authorized in statute by AB 159 (Jones), Chapter 722, Statutes of 2007.
- **Court-Appointed Special Advocate Program.** The budget includes an ongoing augmentation of \$500,000 General Fund to provide additional grants to train and supervise volunteers assigned by a juvenile court judge to children or youth in foster care. This funding will increase the number of children served by 20 percent, or 2,200 children, and reduce the backlogs of children in local courts waiting for a volunteer assignment.
- **Collective Bargaining.** The budget includes an augmentation of \$610,000 General Fund (\$56,000 one-time) and three positions in 2018-19, \$554,000 and three positions in 2019-20, and \$369,000 and two positions in 2020-21, and ongoing to support costs associated with increased workload for the Judicial Council as a result of the enactment of AB 83 (Santiago), Chapter 835, Statutes of 2017—the Judicial Council Employer-Employee Relations Act.
- **California Courts Protective Order Registry (Registry).** The budget contains an ongoing augmentation of \$200,000 and one position to expand the Registry, which serves as a central repository of restraining and protective orders, to the remaining seven trial courts that have not yet been on-boarded.
- **Cy Pres.** The budget amends, through trailer bill language, the Cy Pres doctrine to direct unpaid residual class action settlements to nonprofit organizations or foundations to support projects that will benefit a class of similarly situated people, child advocacy programs, or nonprofit organizations providing civil legal services to indigent individuals.
- **Court Fee Sunset Extension.** Trailer bill language extends the following:

- The sunset for operation of a \$40 supplemental fee for filing any first paper in civil proceedings, from July 1, 2018 to July 1, 2023.
- The sunset for operation of a \$1,000 complex case fee and an \$18,000 total fee limitation, from July 1, 2018 to July 1, 2023.
- The operation of a \$60 filing fee for filing any specified motion, application, order to show cause, or other paper requiring a hearing subsequent to the first paper, from July 1, 2018 to July 1, 2023.
- The operation of a \$40 filing fee for a request for special notice to January 1, 2024.

## **0280 COMMISSION ON JUDICIAL PERFORMANCE (CJP)**

The budget provides a total of \$5.2 million in total funding for the CJP. Of note, the budget makes the following changes:

- **Disclosure of records by State Auditor from CJP.** Trailer bill language clarifies existing statute related to the public disclosure of papers, correspondence, records, documents or any information by the California State Auditor.

### ***Judiciary Budget Trailer Bills***

1. *Courts Omnibus – SB 847 (Committee on Budget and Fiscal Review), Chapter 45, Statutes of 2018.*
2. *Public Safety Clean-Up Omnibus – SB 879 (Committee on Budget and Fiscal Review), Chapter 457, Statutes of 2018.*

## CORRECTIONS AND REHABILITATION

### 5225 DEPARTMENT OF CORRECTIONS AND REHABILITATION (CDCR)

The budget provides \$12.1 billion (\$11.8 billion General Fund and \$334 million other funds) for the CDCR in 2018-19. Including capital outlay, General Fund spending for the CDCR represents eight percent of total General Fund spending. The budget includes the approval of a number of items intended to safely house and rehabilitate both adults and juveniles in the state's correctional system, including:

- **Roof Replacements and Mold Remediation.** The budget includes total funding of \$153 million General Fund for roof replacements and mold remediation over the next two fiscal years. Specifically, the budget includes \$60.7 million General Fund to replace roofs at the California Substance Abuse Treatment Facility, Salinas Valley State Prison, and Ventura Youth Correctional Facility and \$9 million General Fund for mold remediation efforts at various facilities.
- **Treatment of Hepatitis C Virus (HCV) in Prisons.** The budget appropriates \$105.8 million General Fund annually from 2018-19 through 2020-21 to the California Correctional Health Care Services (CCHCS) to implement the expansion of the HCV treatment program. This funding will result in a total budget of \$165 million for HCV treatment in 2018-19. Chronic HCV infection is a major causal factor in the development of end-stage liver cirrhosis, which is a leading cause of hospitalizations and death in incarcerated patient populations, including in the CDCR adult institution population.
- **Radio Communications.** The budget includes \$32.9 million General Fund to upgrade the public safety radio communication system at nine adult institutions, two juvenile facilities, and various fire camps, and to provide interoperability to the statewide transportation unit.
- **Firefighter Training and Certification Program.** The budget allocates \$26.6 million General Fund to operate a Firefighter Training and Certification Program for 80 formerly incarcerated people at a CAL-FIRE/CDCR/CCC jointly operated fire conservation camp. Trailer bill language stipulates that participants can acquire an Emergency Medical Responder certification if they are working towards a high school diploma and receive a recommendation from director of CAL-FIRE upon graduation from the program. This certification is non-provisional.
- **Mental Health Bed Management.** The budget includes \$20.1 million General Fund and 115.9 positions ongoing to address the shortage of mental health treatment beds, improve health care data reporting, and manage patient referrals.
- **Psychiatry Registry Funding.** The budget contains \$18.1 million on a two-year, limited-term basis for contracts with psychiatrists to maintain the court ordered fill rate of at least 90 percent of the Department's authorized psychiatrist positions.
- **Health Care Access Vehicles.** The budget provides \$17.5 million General Fund in 2018-19 to replace high priority health care fleet assets and purchase additional health care access vehicles.

- **Overtime Base Budget Adjustment.** The budget makes a \$16.5 million adjustment to the base overtime budget to reflect approved salary increases.
- **Capital Outlay.** The budget does the following with respect to capital outlay projects:
  - Adds \$43 million of lease revenue appropriation to address design flaws identified in the Health Care Facility Improvement Projects. These projects are necessary to meet court-ordered mandates to provide adequate health care in the state's prison system. Trailer bill language requires each allocation to be approved by the State Public Works Board and requires, not less than 20 days prior to the Board's approval, the Department of Finance to report specified information regarding the projects to the Joint Legislative Budget Committee as well as the Senate and Assembly's respective fiscal committees. The report should describe the allocations provided for each project, reasons for the additional allocation, the estimated dates of completion for the projects, and the amount remaining that will be allocated to other projects.
  - Provides \$22 million to re-appropriate the construction phase of the central kitchen replacement at California Men's Colony.
  - Provides \$19.7 million to replace kitchen and dining facilities at the California Correctional Center.
  - Includes \$3.6 million General Fund and \$3.4 million General Fund, respectively, to complete the working drawings phases for separate 50-bed Mental Health Crisis Facilities at the Richard J. Donovan Correctional Facility and California Institution for Men.
  - Provides \$3.3 million for the design and construction phase of medication distribution improvements at 14 prisons.
  - Provides \$2.1 million for the design and construction of a brine concentrator system to replace the existing brine concentrator system and the addition of two brine ponds at Deuel Vocational Institution.
  - Provides \$1.1 million to correct fire suppression system deficiencies and \$1 million to modify an existing storage room into three separate classrooms at Pelican Bay State Prison.
  - Provides \$935,000 to install evaporative cooling units in Facility A at the California Institute for Men.
  - Provides \$609,000 for construction of minor capital outlay improvements in CDCR facilities.
  - Reappropriates 2017-18 preliminary plans and working drawings funding of \$539,000 to ensure funding that it remains available for the design and construction of a recreation yard for Facility D at Pelican Bay State Prison.
    - The budget also includes \$1.8 million in funding for the construction phase of the project.
  - Provides \$459,000 to fund the design and construction of three classrooms at California State Prison, Sacramento.
  - Provides \$296,000 for remodeling classroom space for Cognitive Behavioral Treatment programs at San Quentin State Prison.
  - Provides \$250,000 for the CDCR to perform advance planning functions and prepare budget packages for capital outlay projects.
  - Makes an adjustment of \$9.8 million General Fund to reflect removal of the construction appropriation for a project to replace 144 barred cell fronts in the O-Wing Administrative Segregation Unit of the Correctional Training Facility. Additionally, the budget makes an

adjustment of \$20.5 million General Fund to reflect the removal of the construction appropriation for a project to design and construct a new central high-pressure steam boiler facility at San Quentin State Prison.

- **Correctional Counselor I Ratios.** The budget includes \$13.5 million General Fund and 89.2 positions to reduce the current offender to Correctional Counselor I ratio of 150:1 to 135:1. These counselors provide enhanced rehabilitation and program enrollment assistance to the incarcerated.
- **Training Initiatives.** The budget includes \$12.9 million General Fund in 2018-19 and five positions, \$21.6 million General Fund in 2019-20 and 2020-21, and \$19.3 million General Fund in 2021-22 and ongoing for additional training initiatives to bolster the CDCR's investment in workforce development. This funding will support additional training for peace officers on topics such as ethics, sexual harassment, procedural justice, and implicit bias. In addition, the funding will support specialized training for Special Agents and Investigative Unit staff in criminal investigations, which is designed to assist with the transition of officers to supervisory roles and to strengthen the skills of existing supervisors and managers.
- **Healthcare Services for Reentry Programs.** The budget includes \$10.8 million General Fund in 2018-19 and ongoing so that the CDCR can contract with either the Department of Health Care Services or third-party vendors to provide healthcare services for reentry program participants.
- **Contraband Interdiction and Medication Assistance Treatment Program.** The budget appropriates \$9.1 million General Fund in 2018-19 and \$8.3 million General Fund in 2019-20 for implementation of a two-year Contraband Interdiction Program at the California Substance Abuse Treatment Facility (SATF). The program will deploy contraband interdiction devices at the front entrance areas, employ a staffing complement to operate the devices, expand SATF's canine teams, conduct enhanced vehicle and institution searches, and institute a medication assisted treatment program to respond to the opioid crisis. Accompanying trailer bill language requires that:
  - The screening must be done on every individual entering the facility, 24 hours a day, seven days a week.
  - Tracking and reporting on the use of screening technology must be documented, including the reasons why screening is not used in certain situations.
- **Electronic Health Records System.** The budget provides \$8.3 million to complete the integration of an electronic health records system throughout the state's prison system.
- **Career Technical Education (CTE) Expansion and Equipment Refresh.** The budget provides \$8.2 million General Fund and 21.5 positions in 2018-19, and \$4.5 million in 2019-20 and ongoing, to expand CTE programming to 13 additional sites and replace and refresh core equipment statewide. Without additional expansion sites, 1,056 incarcerated individuals would not have the opportunity to train in a marketable trade prior to release. This funding is projected to increase the number of participants by 1,142.
- **Medical Guarding and Transportation.** The budget provides \$5.9 million and 42.7 positions to augment medical transportation custody positions at adult institutions.

- **Receiver: Correctional Clinic Model and Automated Drug Cabinets.** The budget contains \$4.5 million in 2018-19 and \$4.3 million in 2019-20 and ongoing to lease automated drug cabinets for controlled substances and establish a correctional clinic model. This will allow non-patient-specific medications to be maintained at the clinics where they are distributed to patients. Trailer bill language provides for the licensure of correctional clinics to obtain drugs from correctional pharmacies for the administration of medication to patients in their care.
- **Institutional Staffing Needs.** The budget includes \$4.4 million General Fund and 31.6 positions in 2018-19 and ongoing to augment custody positions at adult institutions. The positions will provide peace officer coverage for identified security issues, coverage due to Health Care Facility Improvement Project modifications, and staffing to support critical third watch programs.
- **Improving Inmate Welfare.** The budget provides \$4 million Inmate Welfare Fund in 2018-19 and ongoing for grants to non-profit agencies to provide rehabilitative services to offenders within institutions.
- **Young Adult Offender Pilot Program.** The budget allocates \$3.8 million General Fund and includes trailer bill language to establish a seven-year young adult pilot program for a limited number of transition-aged youth. This program diverts youth from adult prison to a juvenile facility in order to provide developmentally appropriate rehabilitative programming. 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 cost-effectiveness of the pilot.
- **Dental Oral Surgery and Dental Equipment.** The budget includes \$3.4 million in 2018-19 and \$2.3 million in 2019-20 and ongoing to replace, and establish a replacement schedule for, dental equipment. Additionally, the budget includes \$3.4 million to fund a contract to provide oral surgery services for patients in CDCR's custody.
- **Rehabilitative Achievement Credit Staffing.** The budget provides \$2.5 million General Fund and 13 positions in 2018-19 and ongoing to increase the number of self-help sponsors at state prisons. These sponsors will result in an increase of inmate activity groups that are eligible for Rehabilitation Achievement Credits.
- **Parole Non-Ratio Positions.** The budget provides \$2.3 million General Fund and 23 positions in 2018-19 and ongoing to provide the Division of Adult Parole Operations the staff necessary to support field operations and ratio-driven staff.
- **Court Resentencing Petitions.** The budget provides \$2 million General Fund in 2018-19, \$1.9 million in 2019-20, and \$1.5 million in 2020-21 and ongoing to fully utilize trailer bill language associated with Penal Code section 1170(d)(1). Complementary trailer bill language authorizes the courts, when resentencing a defendant, to reduce a defendant's term of imprisonment and modify the judgement, including a judgement entered after a plea agreement, if it is in the interest of justice. The additional language also authorizes the courts to consider specific post-conviction factors when resentencing a defendant. The budget also includes funding for 13 permanent positions and two, two-year limited-term positions.

- **Inmate Pay.** The budget includes \$1.8 million General Fund in 2018-19 and ongoing to fund inmate pay wage increases for plant operations positions to bring pay rates in line with California Prison Industry Authority and Inmate Ward Labor jobs.
- **Corcoran Levee Assessment.** The budget appropriates, in trailer bill language, \$1.8 million in 2018-19 and 2019-20 to fund a special levee improvement for the Corcoran levee.
- **Video Surveillance for Mental Health Units.** The budget provides \$1.5 million in 2018-19 and \$177,000 in 2019-20 and ongoing, to implement and monitor an audio/visual surveillance system at the California State Prison, Sacramento.
- **Office of Research.** The budget contains \$755,000 General Fund and six positions in 2018-19 and ongoing to support requests for time-critical data analysis and reporting within the Office of Research.
- **Case Records.** The budget provides \$444,000 General Fund in 2018-19 and ongoing and three positions to provide sentencing and computation training at all adult institutions.
- **Janitorial Services at the California Health Care Facility (CHCF).** The budget includes a compromise regarding the janitorial services at the CHCF in Stockton so that 50 percent of positions will be converted to state civil service positions and the other 50 percent will be maintained by PRIDE Industries. Initially, California Correctional Health Care Services requested \$185,000 General Fund and 148.9 positions in 2018-19, and \$3.6 million General Fund and 207.8 positions in 2019-20 and ongoing to transition from a janitorial contract with PRIDE Industries to a civil service janitorial solution at CHCF.
- **Division of Juvenile Justice (DJJ): Juvenile Justice Reform.** The budget includes \$2.1 million General Fund and 9.2 positions in 2018-19, \$8.6 million General Fund and 57.9 positions in 2019-20, and \$13.4 million General Fund and 91.1 positions in 2020-21 for juvenile justice reform efforts such as extension of the age of jurisdiction for DJJ committed youth, creation and implementation of a Young Adult Offender Pilot program, and funding for a Basic Correctional Juvenile Academy. Trailer bill language makes various statutory changes, such as:
  - Authorizing the extension of the age of jurisdiction to 25 for minors who are transferred to DJJ, reach 18 years of age, and have a period of incarceration that would be completed on or before the inmate's 25th birthday. This authority is retroactive.
  - Authorizing extension of the age of jurisdiction from 23 to 25 for minors who, if charged in criminal court, face a total aggregate sentence of seven years or more. The language excludes incarcerated persons committed to the division by a juvenile court prior to July 1, 2018, from being discharged pursuant to that authority.
  - Providing a prospective honorable discharge opportunity for any youth housed in DJJ facilities and other technical changes to provide additional rehabilitative opportunities for transition-aged youth.
  - Establishing a seven-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. Initially, youth who committed a specific offense and were under 18 years of age at the time of that offense will be targeted for this program. Moreover, the language makes offenders with a

period of incarceration that cannot be completed on or before the offender's 25th birthday ineligible for the program. An evaluation of the pilot will also be completed to measure the impact on recidivism and the cost-effectiveness.

- **Facility Modernization Program.** The budget includes trailer bill language that requires the CDCR, 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.
- **Training Hours.** The budget increases the Correctional Peace Officer Academy training hours from 480 to 520 hours through trailer bill language.
- **AB 900 (Solario), Chapter Seven, Statutes of 2007, Lease Revenue.** Trailer bill language reduces the lease revenue debt authority provided in AB 900 for Phase II (county jail projects) by \$2.6 million, due to Stanislaus' savings from their completed county jail project.
- **DJJ Identification Cards.** The budget includes trailer bill language that expands the juvenile justice identification card program to DJJ facilities.
- **CDCR Employee Wellness.** Trailer bill language authorizes the CDCR to lease its facilities at less than fair market rental value. Moreover, it requires the criteria and process exempting these leases or subleases to be published in the state administrative manual. Finally, the language requires the Department of General Services to report to the Joint Legislative Budget Committee annually on these new leases or subleases.
- **CDCR Division of Fiscal and Business Services.** Trailer bill language establishes the Division of Fiscal and Business Services at the CDCR.

## **5420 PRISON INDUSTRY AUTHORITY (CALPIA)**

- **Vehicle Purchases.** The budget authorizes the California Prison Industry Authority to purchase vehicles to meet demand through trailer bill language.

### ***Public Safety Budget Trailer Bills***

1. *Public Safety Omnibus – AB 1812 (Committee on Budget), Chapter 36, Statutes of 2018.*
2. *Corrections/ Public Safety Bond – AB 1834 (Committee on Budget), Chapter 44, Statutes of 2018.*
3. *Public Safety Clean-Up Omnibus – SB 879 (Committee on Budget and Fiscal Review), Chapter 457, Statutes of 2018.*

## OTHER PUBLIC SAFETY AND CRIMINAL JUSTICE

### 0820 DEPARTMENT OF JUSTICE (DOJ)

The budget provides \$960 million (\$281 million General Fund) in total funding for support of the DOJ. In addition, the budget includes the following:

- **Statewide Forensics Services.** The budget adds \$11.4 million in one-time General Fund for statewide forensics services. Of this amount, \$5.4 million is provided to replace critical forensic equipment within the Bureau of Forensic Services. The remaining \$6 million addresses the decline in fine and fee revenues in the DNA Identification Fund.
- **Sex Offender Registry, SB 384 (Wiener), Chapter 541, Statutes of 2017.** The budget includes \$10 million General Fund and 25 positions to begin implementing SB 384, which will replace the existing lifetime sex offender registration systems with a tiered registration system.
- **Audit of Sexual Assault Evidence Kits Backlog.** The budget includes \$1 million in one-time General Fund for the compilation of information on the number of untested sexual assault kits statewide. The resources are available for grants to counties and cities to count the number of untested kits in their possession. Budget bill language requires a report from the DOJ to the Legislature regarding these identified and untested kits.
- **Testing of Sexual Assault Evidence Kits.** The budget also includes one-time funding of \$6.5 million General Fund for sexual assault evidence kit processing. Budget bill language summarizes the basis for fund allocation. The resources are available for grants to counties and cities. In awarding grants, the DOJ shall prioritize applications to eliminate existing backlogs of unprocessed evidence. All grantees shall provide a dollar-for-dollar match to any state grant funds awarded.
- **Cybercrime Investigation Teams.** The budget provides \$5.6 million General Fund and 19 positions to establish two cybercrime investigation teams, one in Northern California and one in Southern California, that will investigate cybercrimes, white collar crimes, and human trafficking involving the use of technology.
- **Bureau of Children's Justice.** The budget includes \$3.6 million Public Rights Law Enforcement Special Fund and 14 positions to support the Bureau of Children's Justice.
- **Medi-Cal Fraud and Elder Abuse.** The budget moves \$3 million General Fund to the Bureaus of Medi-Cal Fraud and Elder Abuse.
- **Cybersecurity Program Resources.** The budget adds \$2.3 million and six positions to provide additional cybersecurity resources to safeguard information in the DOJ's data and law enforcement networks throughout the state.
- **Immigration Data Governance Implementation.** The budget includes \$2.4 million and 13 positions in 2018-19, \$1.8 million and 10 positions in 2019-20, and \$1.2 million and 10 positions ongoing to implement the provisions of SB 54 (de León), Chapter 495, Statutes of 2017. These

activities involve promulgating model policies, collecting data from local law enforcement agencies, and publishing an annual report, guidance, and training recommendations.

- **Antitrust Workload.** The budget provides \$1.8 million of spending authority from the Attorney General Antitrust Account to support the increased workload of the Antitrust Law Section.
- **Bureau of Gambling Control.** The budget provides \$1.6 million Gambling Control Fund to the DOJ's Bureau of Gambling Control in 2018-19 to support backlog reduction and ongoing workload associated with California cardroom and third-party providers of proposition player services license applications.
- **California Consumer Privacy Act.** The budget appropriates \$700,000 to the DOJ for enforcement activities related to AB 375 (Chau), Chapter 55, Statutes of 2018—the California Consumer Privacy Act of 2018.
- **Registry of Charitable Trusts - Delinquency Compliance.** The budget increases the Registry of Charitable Trust Funds by \$525,000 in 2018-19 and \$462,000 ongoing to sustain continued enforcement of charity compliance with Registry requirements. Additionally, the budget includes authority for five positions beginning in 2018-19.
- **Nonprofit Health Facilities - Sale of Assets – Attorney General Approval.** The budget provides a permanent augmentation of two positions and \$369,000 in 2018-19, and \$356,000 in 2019-20 and ongoing, to implement AB 651 (Muratsuchi), Chapter 782, Statutes of 2017. AB 651 requires additional public meetings related to nonprofit hospital transactions and requires the AG staff to evaluate whether the transaction will have a significant effect on the availability and accessibility of culturally appropriate services provided by the facility to the affected community.
- **Firearm Violence Research Center: Gun Violence Restraining Orders.** The budget provides \$138,000 in 2018-19, and \$130,000 in 2019-20 and ongoing, to support one position to meet mandates associated with SB 536 (Pan), Chapter 810, Statutes of 2017. The DOJ will use the funding to examine research and data requests associated with firearm violence research.

## 5227 BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC)

The budget provides a total of \$426 million (\$180 million General Fund) for BSCC. Of note, the budget includes:

- **Adult Reentry and Diversion.** The budget allocates \$50 million General Fund on a one-time basis. Budget bill language specifies that the funding should be allocated for reentry grants to community-based organizations for rental assistance (\$25 million), the rehabilitation of property or buildings for housing offenders released from prison (\$15 million), the warm hand-off and reentry of offenders transitioning from prison to communities (\$9.4 million), and the Berkeley Underground Scholars Initiative (\$150,000).
- **Youth Reinvestment Fund.** The budget provides \$37.3 million General Fund on a one-time basis to establish the Youth Reinvestment Fund to support diversion of youth away from arrest and

detention (\$26.3 million), for social workers in public defender offices (\$10 million), and to provide specialized diversion services for Native American Youth (\$1 million). Trailer bill language outlines the Fund's guidelines. It is designed 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. Moreover, the trailer bill language requires a statewide evaluation of the grant program and its outcomes. Finally, the language 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.

- **Local Jurisdiction Projects.** The budget includes \$18.8 million General Fund on a one-time basis for various local jurisdiction projects, including the construction of a police facility, law enforcement training, reentry housing for veterans, and programs for system-involved youth. Budget bill language documents that the funding should do the following:
  - Provide \$8.7 million to support Kings County to construct a new police facility and a patrol center.
  - Allocate \$4 million to the City of Pomona for the Pomona Oath Initiative to fund law enforcement training programs on best practices for police interactions with homeless individuals, as well as provide training for mental health clinicians, homeless liaison officer positions, trainings on the administration of naloxone, and community forums.
  - Provide \$3 million for a helicopter to support the greater Stockton metropolitan area and augment its law enforcement and public safety capabilities.
  - Provide \$1.5 million to the Veterans Transition Center in Monterey County to expand its Prison Outreach Program and create additional living units for formerly incarcerated veterans.
  - Distribute \$1.5 million to the New Earth Organization for support services and programs for system-involved and at-risk youth ages 13-25.
  - Provide \$50,000 to the City of San Diego for the City Attorney to conduct gun violence restraining order trainings for law enforcement.
  - Allocate \$45,000 to the City of Fullerton for the Boys and Girls Club.
- **Technical Changes.** The budget includes \$17 million General Fund and adds 13 positions to shift funding for the Standards and Training for Local Corrections program from the State Penalty Fund to the General Fund. This shift addresses the continuing decline of revenues in the State Penalty Fund. Additionally the budget makes an \$820,000 adjustment to the amount provided to county probation departments to supervise the average daily population of offenders on Post Release Community Supervision. The adjustment reflects a revised estimate of the temporary increase in the number of offenders expected to be released to Post-Release Community Supervision as a result of the Public Safety and Rehabilitation Act of 2016 (Proposition 57).
- **California Violence Intervention Program (CalVIP).** The budget provides a one-time appropriation of \$9 million General Fund for the CalVIP.
- **Standards and Training for Local Corrections.** Trailer bill language amends Penal Code Section 6040 by striking references to the Corrections Training Fund and broadly referring instead to funds used for the costs of administration, the development of appropriate standards, the development of training, and program evaluations.

- **Court Holding Cell Clarification.** Trailer bill language adds holding facilities within a superior court that are operated or supervised by specified personnel to the definition of a “local detention facility.” Currently, a “local detention facility” is defined as a city, county, city and county, or regional facility used for confinement of adults or both adults and minors.

## 8120 COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING (POST)

The budget provides a total of \$74.2 million (\$25 million General Fund) for POST. Of note, the budget includes:

- **Law Enforcement Training.** The budget provides \$25 million General Fund on a one-time basis to develop trainings that focus on the use of force, de-escalation, and mental health crisis encounters. Accompanying trailer bill language establishes a competitive Innovations Grant to create training and procedures on topics such as the use of force, de-escalation, officer wellness, implicit bias, cultural diversity, and community policing to reduce the number of officer-involved shootings.
- **Re-appropriation of Funds.** Trailer bill language re-appropriates \$5.2 million so that POST can allocate the funds to cities, counties, and cities and counties for training expenses. The language also extends the period in which the re-appropriated funds may be encumbered or expended to June 30, 2019.
- **Peace Officer Training Course Restoration.** The budget includes \$3.4 million State Penalty Fund to restore various trainings, including Command College, the Sherman Block Supervisory Leadership Institute, and the Robert Presley Institute of Criminal Investigation.
- **Learning Portal Conversion.** The budget provides \$155,000 State Penalty Fund and one permanent position in 2018-19, and ongoing to convert online training courses from expiring technology.
- **Revising Hate Crime Policy Model.** The budget makes a one-time allocation of \$45,000 to upgrade POST’s model hate crimes policy and guidelines.
- **Coroner's Fee Revenue Shift to State Penalty Fund.** Trailer bill language amends the Penal Code and the Health and Safety Code to replace references to the Peace Officers' Training Fund, which POST no longer uses, with references to the State Penalty Fund.

### *Public Safety Budget Trailer Bills*

1. *Public Safety Omnibus – AB 1812 (Committee on Budget), Chapter 36, Statutes of 2018.*
2. *Public Safety Clean-Up Omnibus – SB 879 (Committee on Budget and Fiscal Review), Chapter 457, Statutes of 2018.*

# LABOR

## 7100 EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

- **Implementation of Legislation.** The budget includes \$280,000 from the EDD Contingent Fund in 2018-19 to implement the requirements of Assembly Bill 677 (Chiu), Chapter 744, Statutes of 2017, and Senate Bill 396 (Lara), Chapter 858, Statutes of 2017, which relate to employment and gender identity and data collection.
- **Benefit Systems Modernization Project.** The budget includes \$4 million one-time from the Unemployment Compensation Disability Fund and the EDD Contingent Fund, and 15 Personnel Equivalents (PEs), as well as a redirection of \$4.5 million and 19 PEs in 2018-19 for continuing the Project Approval Lifecycle tasks and pre-implementation readiness initiatives for the Benefit Systems Modernization project. The resources will primarily be for state staff, vendors, California Department of Technology services, Independent Verification and Validation services, contract and procurement development services, and data conversion readiness to continue steps towards implementing an integrated, secure and sustainable Benefits System to service California claimants seeking unemployment, disability or paid family leave benefits.

## 7120 CALIFORNIA WORKFORCE DEVELOPMENT BOARD

- **Statewide Prison to Employment Initiative.** The budget includes \$14 million General Fund over two years to fund a new job training program for ex-offenders at the state's America's Job Centers of California (and their subcontractors). The State Board estimates that about 1,000 ex-offenders would attain job placements as a result of these services. Additionally, the budget provides \$20 million General Fund over two years to provide supportive services such as bus passes, childcare vouchers, and housing assistance for ex-offenders who participate in job training. Lastly, the budget provides \$1.8 million General Fund to local boards for the creation of regional partnerships and for planning between the local boards, California Department of Corrections and Rehabilitation, parole centers and county probation departments, community-based reentry services and others as authorized by the State Board. Grants would be made to each of the 14 workforce regions based roughly on the number of ex-offenders in each region.
- **Pre-Release Construction Trades Certificate Program.** Trailer bill language establishes this program in CDCR to increase employment opportunities in the construction trades for inmates upon release. CDCR must establish a joint advisory committee to implement the program with members from construction trades employee organizations, the prison industry authority, the division of apprenticeship standards, the Labor and Workforce Development Agency, among others, to implement the program as specified.

- **Removing Barriers to Employment Act.** The budget provides \$15 million General Fund to implement AB 1111 (Garcia), Chapter 824, Statutes of 2017 to assist individuals who have multiple barriers to employment to receive remedial education and work readiness skills.
- **Workforce Innovation Opportunity Act Discretionary Federal Funds.** The budget includes \$60.4 million in state-level discretionary federal Workforce Innovation Opportunity Act (WIOA) funding in 2018-19, a \$1.5 million decrease relative to 2017-18, as specified.
- **Global Warming Solutions Act Report.** The budget includes \$400,000 from the Greenhouse Gas Reduction Fund in 2018-19 to meet the legislative reporting requirement in AB 398 (Garcia, E.), Chapter 135, Statutes of 2017.
- **Breaking Barriers in Employment for Adults with Autism Pilot Program.** The budget establishes the program and provides \$1.5 million General Fund for purposes of increasing long-term employment opportunities for young adults with autism and autism spectrum disorder in Sacramento and Los Angeles. The board must submit a report to the Legislature on or before December 31, 2021 regarding information on the success of the program in accomplishing specified goals. The program will sunset on January 1, 2022.
- **Los Angeles Clean Tech Incubator.** The budget provides \$2 million on a one-time basis for workforce development training to increase access to environmental technology jobs and to zero emissions mobility for disadvantaged communities in the Los Angeles area.

## 7350 DEPARTMENT OF INDUSTRIAL RELATIONS (DIR)

- **Implementation of Legislation.** The budget includes \$143,000 Apprenticeship Training Contribution Fund and one position in 2018-19, and \$130,000 ongoing, to implement and meet the requirements of Assembly Bill 581 (McCarty), Chapter 533, Statutes of 2017. The budget provides \$623,000 Labor Enforcement and Compliance Fund (LECF) and three positions in 2018-19, and \$585,000 ongoing, to implement and meet the ongoing requirements of Senate Bill 306 (Hertzberg), Chapter 460, Statutes of 2017. Lastly, the budget provides \$1.6 million LECF and eight positions in 2018-19, and \$1.5 million ongoing, to meet the requirements of Assembly Bill 450 (Chiu), Chapter 492, Statutes of 2017.
- **Labor Enforcement.** The budget includes \$465,000 LECF in 2018-19 and \$415,000 ongoing, as well as four positions for the Division of Labor Standards of Enforcement (DLSE), to support staff recruitment and retention and to satisfy growing administrative needs.
- **Non-Traditional Apprenticeship Programs.** The budget includes \$3.5 million Employment Training Fund and 22.0 positions in 2018-19, \$4.5 million and 32.0 positions in 2019-20, \$5.7 million and 42.0 positions in 2020-21, and \$5.6 million ongoing to expand statewide apprenticeship opportunities to nontraditional industries and the inmate population.

- **Information Technology Classification Consolidation.** The budget includes \$1.9 million ongoing (\$921,000 General Fund, \$271,000 federal funds, and \$713,000 special funds and reimbursements) for salary costs resulting from the statewide consolidation of 36 information technology classifications into five classifications.
- **Accounting Systems.** The budget includes 15 positions and \$6.9 million to provide resources to complete accounting transactions in DIR's legacy system to meet federal reporting requirements. This is necessary to provide unemployment benefits without interruption while also transitioning to the Financial Information System for California (FI\$Cal). Up to \$5 million of funding is for vendor services to manage this temporary additional workload and allow for successful transition to the new system. The funds are appropriated equally from the Disability Insurance Fund and the EDD Contingent Fund for 2018-19.

### ***Labor Budget Trailer Bill***

1. *Employment – SB 866 (Committee on Budget and Fiscal Review), Chapter 33, Statutes of 2018.*

# PUBLIC EMPLOYMENT AND RETIREMENT

## 7320 PUBLIC EMPLOYMENT RELATIONS BOARD

- **Base Augmentation.** The budget provides \$2.4 million General Fund to address a caseload backlog, as follows: \$1.4 million to fund six new position, and the executive director position, and \$1 million pending the completion of a mission based review by the Department of Finance.

## 7501 CALIFORNIA DEPARTMENT OF HUMAN RESOURCES (CalHR)

- **Preventing Sexual Harassment and Discrimination in the Workplace.** The budget includes three permanent positions and \$1.5 million (\$720,000 General Fund, \$132,000 Reimbursement, \$47,000 Special Funds, and \$546,000 Central Service Cost Recovery Fund) in fiscal year 2018-19 and ongoing to establish a centralized unit within the Office of Civil Rights, specifically responsible for the statewide oversight of monitoring and addressing discrimination and harassment complaints received by state entities. The unit will be responsible for analyzing complaint data, assisting state entities with problems, and addressing negative trends. The unit will also provide detailed reporting on all activities, allowing CalHR to be proactive in identifying compliance issues within departments.
- **State Retiree Census Data.** Trailer bill language requires the California Public Employees' Retirement System to assist CalHR, 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.
- **Public Employment Training.** Trailer bill language specifies that the department may provide training programs to any public employee. The statute also defines "public employee or officer" and provides that the department may give priority to a public employee or officer.
- **Statewide Human Resources Workload.** The budget includes eight positions and \$1.8 million (\$213,000 General Fund and the remainder reimbursement and special fund) in 2018-19, and \$1.9 million (\$111,000 General Fund and the remainder reimbursement and special funds) in 2019-20 and ongoing to address workload in the areas of training, retention, and recruitment.
- **Enterprise Data Strategy Summary.** The budget includes \$503,000 (\$63,000 General Fund, \$301,000 Reimbursements, \$53,000 Central Services Cost Recovery and \$86,000 Special Fund) and three positions in 2018-19, and ongoing, to address workload resulting from statewide enterprise human resources automation initiatives and support. This effort is in collaboration with the Department of Technology and the State Controller's Office.
- **Retiree Healthcare.** Trailer bill language authorizes CalHR to establish the total employee contribution to prefund retiree health care as a percentage of pensionable compensation for (1) a state employee who is not related to a bargaining unit or who is excepted from the definition of state employee, or (2) an officer or employee of the executive branch of state government who is not a member of the civil service, with the goal of reaching a 50 percent cost sharing of actuarially

determined normal costs for both employer and employees by July 1, 2020. In addition, trailer bill language specifies that an employee or officer must make contributions to prefund retiree health care based on specified percentages and that the state must make matching contributions.

### **7503 STATE PERSONNEL BOARD**

- **Administrative Services Workload.** The budget includes five positions and \$655,000 (\$223,000 General Fund, \$263,000 Reimbursements, and \$169,000 Central Service Cost Recovery) in 2018-19 and ongoing to provide internal administrative resources to assist with equal employment opportunity duties, business services support, and to manage SPB proceedings.

### **7900 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)**

- **CalPERS Operational Budget.** The budget includes an increase of \$6.9 million salaries and benefits, which is partially offset by a continued reduction in external investment management fees.
- **Supplemental Pension Payment.** Trailer bill language allows the State Controller, upon order of the Director of Finance, to transfer the amount of Proposition 2 (Rainy Day Budget Stabilization Fund Act, 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 for a cash loan made to supplement the state's retirement contributions for 2017-18.

### **7920 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)**

- **Revised Creditable Compensation.** The budget includes \$5.6 million to reflect an increase in creditable compensation reported by the CalSTRS for fiscal year 2016-17. The Defined Benefit payment will be increased by \$4.2 million and the Supplemental Benefit Maintenance Account contribution will be increased by \$1.4 million.
- **Internal Investment Management.** The budget includes \$15.4 million and 58 permanent positions, to be deployed over a five years. These resources will enable CalSTRS to strategically respond to global economic conditions and increased complexity of assets under management at a lower cost through the use of internal management. These resources would be deployed pursuant to Teachers' Retirement Board actions as increased assets under management demand and as market opportunities and risks are presented.

## 9800 EMPLOYEE COMPENSATION

- **Augmentation for Employee Compensation.** The budget includes \$134 million to account for changes in employee compensation, including salaries, health premium rates and benefits, and retirement benefits, including negotiated memoranda of understanding with the California Correctional Peace Officers Association (Bargaining Unit 6), revised pay increases for Judges, and updated costs related to the salary survey estimates for the California Highway Patrol (Bargaining Unit 5).
- **Memoranda of Understanding.** SB 873 provides for legislative ratification of the memoranda of understanding (MOUs) for Bargaining Units 9 (Professional Engineers) and 10 (Professional Scientists). These agreements impact approximately 10,782 full-time equivalent employees in BU 9, and 3,304 full-time equivalent employees in BU 10. \$132.8 million is provided, of which \$6.2 million is General Fund, to implement the MOUs, and contains costs for increases for supervisors and managers to avoid salary compaction. SB 852 ratifies the MOU for BU 6 (Corrections), which impacts 27,349 full-time equivalent employees. \$114.6 million is provided, of which \$112.4 million is General Fund, to implement this MOU.

The budget also includes the following trailer bill language:

- **Civil Service.** SB 866 makes various changes to civil service hiring processes. Specifically, the bill specifies that the State Personnel Board has authority over appointments. The bill specifies that individuals who successfully pass an evaluation period, not only a probationary period, are considered permanent employees. It removes rules concerning certifying candidates for managerial positions, and the rule that individuals can only apply for a job if they are on an examination list for that specific job classification, even if they are on a list for a classification that is substantially similar. SB 866 also removes the requirements that state entities can only offer job examinations on a continuous basis if they experience difficulty maintaining a qualified candidate pool.

SB 866 allows a department to combine a Limited Examination and Appointment Program (LEAP) eligibility list for a job with a non-LEAP eligibility list. Additionally, the bill provides that job seekers with a disability can become employed through the LEAP process when they work at the job during a 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 a probationary period to demonstrate that they qualify for the job.

- **In-Home Supportive Services (IHSS) Orientation.** SB 857 specifies that a request to meet and confer between an IHSS employee organization and the county, public authority, or nonprofit consortium in Los Angeles, Merced, and Orange counties shall reopen an existing MOU for the sole purpose of negotiating an agreement on access to provider orientation. SB 857 will sunset on July 1, 2021.
- **Reasonable Accommodations.** SB 846 requires the Department of General Services (DGS) to periodically review policies and procedures in the State Contracting Manual regarding reasonable accommodation purchases for state employees. The bill also requires DGS to post on its website a report on purchases of services, goods, information technology and telecommunication related to reasonable accommodations for state employees.

- **Kern County Hospital Authority.** SB 866 and SB 846 require an employee hired by the Kern County Hospital Authority to participate in the Kern County Employees' Retirement Association, except as modified in an applicable memorandum of understanding, or if the board determines that their participation could jeopardize the association's tax-qualified status under federal law.
- **Agency and Fair Share Fees.** SB 846 specifies that the Controller, a public employer, an employee organization, or any of their employees, as defined, shall not be liable for, and would have complete defense to, specified claims regarding agency or fair share fees from current or former public employees. The bill also specifies that employees shall not have standing to pursue claims if fees were permitted prior to June 27, 2018.
- **Public Employee Dues.** SB 866 clarifies that employees, including retired employees, of a public employer, may authorize deduction from their salary, wages, or retirement allowance for the payment of dues in an employee organization or bona fide association. SB 866 also specifies 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. This bill requires all public employers to direct employee requests to cancel or change deductions to the employee organization.

SB 866 also specifies that applicants for public employment are also among those whom the public employer is strictly prohibited from deterring or discouraging from becoming or remaining members of an employee organization. The bill expressly applies the prohibited activities involving the authorization of dues or fee deductions to an employee organization.

- **Public Employee Orientation.** SB 866 requires that the date, time, and place of a new public employee orientation 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.

#### ***Public Employment and Retirement Budget Trailer Bills***

1. *Employment – SB 846 (Committee on Budget and Fiscal Review), Chapter 405, Statutes of 2018.*
2. *State Public Employment: Memorandum of Understanding: State Bargaining Unit 6: Approval, SB 852 (Committee on Budget and Fiscal Review), Statutes of 2018.*
3. *In-Home Supportive Services: Provider Orientation – SB 857 (Committee on Budget and Fiscal Review), Chapter 87, Statutes of 2018.*
4. *Employment – SB 866 (Committee on Budget and Fiscal Review), Chapter 53, Statutes of 2018.*
5. *State Public Employment: Memorandum of Understanding Bargaining Units 9 and 10 – SB 873 (Committee on Budget and Fiscal Review), Chapter 452, Statutes of 2018.*

# APPENDIX

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## BUDGET and TRAILER BILLS

Bill Number	Chapter Number	Topic	Date Chapered
SB 840	29	Budget Act of 2018	June 27, 2018
SB 841	31	Budget Act of 2017	June 27, 2018
SB 856	30	Budget Act of 2018	June 27, 2018
SB 862	449	Budget Act of 2018	September 17, 2018
AB 1808	32	Education	June 27, 2018
AB 1809	33	Higher Education	June 27, 2018
AB 1810	34	Health	June 27, 2018
AB 1811	35	Human Services	June 27, 2018
AB 1812	36	Public Safety	June 27, 2018
AB 1817	37	State Government	June 27, 2018
AB 1824	38	State Government	June 27, 2018
AB 1825	39	Education: Constitutional Minimum Funding Obligation: Local Control Funding Formula	June 27, 2018
AB 1826	40	State Capitol Building Annex	June 27, 2018
AB 1827	41	No Place Like Home Act of 2018	June 27, 2018
AB 1830	42	Budget Deficit Savings Account: Safety Net Reserve Fund	June 27, 2018
AB 1831	43	State Government: Appointments: Infrastructure	June 27, 2018
AB 1834	44	Corrections	June 27, 2018
AB 1838	61	Local Government: Taxation: Prohibition: Groceries	June 28, 2018
AB 1840	426	Education Finance	September 17, 2018
SB 846	405	General Government: Labor	September 14, 2018
SB 847	45	Courts	June 27, 2018
SB 848	46	Transportation	June 27, 2018
SB 849	47	Medi-Cal	June 27, 2018
SB 850	48	Housing	June 27, 2018
SB 852	49	State Public Employment: Memorandum of Understanding	June 27, 2018
SB 853	50	Developmental Services	June 27, 2018
SB 854	51	Public Resources	June 27, 2018
SB 855	52	Taxation	June 27, 2018
SB 857	87	In-Home Supportive Services: Provider Orientation	July 9, 2018
SB 861	331	National Mortgage Settlement	September 10, 2018
SB 866	53	Employment	June 27, 2018
SB 867	450	Legislative Counsel Workplace Conduct	September 17, 2018
SB 869	451	San Diego County: Local Elections	September 17, 2018

SB 871	54	Income Taxes: Credits: Motion Pictures	June 27, 2018
SB 872	88	Local Government Taxation: Prohibition Groceries	July 9, 2018
SB 873	452	State Public Employment	September 17, 2018
SB 875	453	Public Resources	September 17, 2018
SB 876	454	Human Services	September 17, 2018
SB 877	455	State Government	September 17, 2018
SB 878	456	Film Tax	September 17, 2018
SB 879	457	Public Safety	September 17, 2018

**General Fund Multi-Year Forecast  
2018 Budget Act  
(Dollars in Millions)**

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>RESOURCES:</b>					
Prior Year Balance	\$5,702	\$8,483	\$3,127	\$3,724	\$3,306
Revenues/Transfers	132,522	137,690	143,231	147,106	151,014
Transfer to the Budget Stabilization Account <sup>1/</sup>	-2,697	-4,358	-545	-360	-372
<b>Total Resources</b>	<b>\$135,527</b>	<b>\$141,815</b>	<b>\$145,813</b>	<b>\$150,470</b>	<b>\$153,948</b>
<b>EXPENDITURES:</b>					
Proposition 98	\$53,381	\$54,870	\$56,283	\$56,367	\$57,584
Non-Proposition 98	73,663	83,818	84,817	89,689	94,396
Prop 2 Infrastructure/Deferred Maintenance <sup>2/</sup>	-	-	989	1,109	999
<b>Total Expenditures</b>	<b>\$127,044</b>	<b>\$138,688</b>	<b>\$142,089</b>	<b>\$147,165</b>	<b>\$152,979</b>
<b>FUND BALANCES:</b>					
	\$8,483	\$3,127	\$3,724	\$3,306	\$969
Reserve for Encumbrances	\$1,165	\$1,165	\$1,165	\$1,165	\$1,165
Reserves	\$7,318	\$2,162	\$2,759	\$2,341	\$4
Budget Stabilization Account/Rainy Day Fund	\$9,410	\$13,768	\$14,313	\$14,673	\$15,045
BSA balance as a percentage of General Fund tax proceeds	7.1%	10.0%	10.0%	10.0%	10.0%
Operating Surplus/Deficit with BSA Transfer	\$2,781	-\$5,356	\$597	-\$419	-\$2,337

<sup>1/</sup> Includes \$2.611b supplemental transfer in 2018-19, which will be temporarily held in the Budget Deficit Savings Account until May 31, 2019.

<sup>2/</sup> Reflects amount available for infrastructure/deferred maintenance expenditure under Proposition 2.

## General Fund Revenues

### 2018 Budget Act

(Dollars in Millions)

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>1 Major Revenues</b>					
2 Alcoholic Beverage Taxes and Fees	371	377	384	391	398
3 Corporation Tax	11,246	12,259	12,837	13,360	13,855
4 Cigarette Tax	67	65	63	61	59
5 Insurance Gross Premiums Tax	2,514	2,576	2,787	2,851	2,917
6 Personal Income Tax	91,971	95,011	98,097	100,114	102,540
7 Retail Sales and Use Taxes	25,384	26,674	27,990	28,847	29,558
<b>8 Total Major Revenues</b>	<b>\$131,553</b>	<b>\$136,962</b>	<b>\$142,158</b>	<b>\$145,624</b>	<b>\$149,327</b>
<b>9 Minor Revenues/Transfers</b>					
10 Misc Revenue from Local Agencies	170	168	168	168	168
11 Income from Pooled Money Investments	203	374	571	697	705
12 State Lands Royalties	89	91	49	88	76
13 Abandoned Property	390	390	379	379	378
14 Miscellaneous Revenues	47	44	42	42	42
15 Tribal Gaming Revenues	26	4	4	4	4
16 Penalty Assessments - Other	47	41	41	41	41
17 Loan Repayments to Other Funds	-128	-186	-37	-269	-388
18 Weight Fee Transfers	-285	-382	-509	-259	0
19 All Other Transfers and Loans	108	-72	108	336	413
20 Transfer to BSA for Rainy Day Funds	-2,697	-4,358	-545	-360	-372
21 Remaining Others	302	256	257	255	248
<b>22 Total Minor Revenues/Transfers</b>	<b>-\$1,728</b>	<b>-\$3,630</b>	<b>\$528</b>	<b>\$1,122</b>	<b>\$1,315</b>
<b>23 Total Revenues and Transfers</b>	<b>\$129,825</b>	<b>\$133,332</b>	<b>\$142,686</b>	<b>\$146,746</b>	<b>\$150,642</b>

**General Fund Prop 98 Expenditures  
at the 2018 Budget Act**

(Dollars in Millions)

	2017-18	2018-19	2019-20	2020-21	2021-22
Proposition 98 (GF) (before health care share of EPA) <sup>1/</sup>	45,730	46,692	48,176	47,794	49,053
Education Protection Account (before health care share of EPA) <sup>1/</sup>	7,651	8,178	8,007	8,383	8,481
Local Property Tax	22,237	23,523	25,009	26,553	28,142
<b>Total Prop 98 guarantee</b>	<b>75,618</b>	<b>78,393</b>	<b>81,192</b>	<b>82,730</b>	<b>85,676</b>
Percent Change to Prior-year	5.55%	3.67%	3.57%	1.89%	3.56%
Prop 98 Test	2	2	3	3	1
General Fund Base	45,730	46,692	47,856	47,794	49,053
Education Protection Account	7,651	8,178	8,327	8,383	8,481
QEIA Payment	0	0	0	0	0
Williams Settlement	0	0	0	0	0
Settle-Up for Old Years	(603)	(100)	100	190	50
Mandate Payments	(1,171)	(695)	(100)	(190)	(50)
<b>Total General Fund</b>	<b>53,381</b>	<b>54,870</b>	<b>56,283</b>	<b>56,367</b>	<b>57,584</b>
<b>Prop 98 Obligations</b>					
Maintenance Factor Changes (+/-)	-1,325	0	1,544	896	72
Maintenance Factor Balance Prior to Proposition 2	0	0	0	0	0
Maintenance Factor Balance After Proposition 2	0	0	1,544	2,440	2,512
Settle-Up Balance	440	340	240	50	0
Budgetary Deferrals Balance	0	0	0	0	0
QEIA Balance	0	0	0	0	0
Mandate Balance	1,475	1,142	1,123	1,091	1,083
Williams Settlement Balance	0	0	0	0	0

<sup>1/</sup> Subject to Proposition 55 calculation

**General Fund Multi-Year N98 Expenditures by Agency**  
**2018 Budget Act**  
(Dollars in Millions)

	2017-18	2018-19	2019-20	2020-21	2021-22
<b>N98 excludes Capital Outlay, Debt Service</b>					
Legislative, Executive	\$1,216	\$2,190	\$1,081	\$1,075	\$1,057
Courts	2,026	2,178	2,157	2,156	2,138
Business, Consumer Services, and Housing	61	51	36	36	36
Transportation	2	3	3	3	3
Natural Resources	2,509	2,152	1,972	1,903	1,813
Environmental Protection	206	122	78	76	76
Health and Human Services	35,518	39,276	43,077	46,605	49,526
Interim Affordable Care Act County Offset	(-657)	(-773)	(-530)	(-530)	(-530)
Final Reconciliation for Affordable Care Act County Offset <sup>1/</sup>	(-265)	(-202)	(0)	(0)	(0)
Corrections and Rehabilitation	11,121	11,508	11,354	11,293	11,231
Receiver's Costs	(2,132)	(2,263)	(2,297)	(2,296)	(2,217)
Education	12,543	13,787	13,990	14,594	15,244
STRS Contribution	(2,790)	(3,082)	(3,375)	(3,687)	(4,018)
PERS Contribution (GF) (CSU Only)	(661)	(683)	(730)	(751)	(760)
Labor and Workforce Development	147	143	117	98	97
Government Operations	1,134	1,163	1,121	1,105	1,107
General Government	1,740	4,465	4,217	4,937	5,457
Non-Agency Departments	(717)	(1,010)	(646)	(657)	(655)
Tax Relief/Local Government	(433)	(466)	(433)	(433)	(428)
Statewide Expenditures	(590)	(2,989)	(3,138)	(3,847)	(4,374)
PERS Contribution (GF) (State Only)	(2,727)	(2,890)	(3,174)	(3,360)	(3,513)
Item 9800 Employee Compensation	(6)	(734)	(1,253)	(1,354)	(1,413)
<b>Capital Outlay</b>	132	1,146	199	145	188
<b>Debt Service</b>	5,308	5,634	5,415	5,663	6,423
<b>Total N98 Expenditures</b>	<b>\$73,663</b>	<b>\$83,818</b>	<b>\$84,817</b>	<b>\$89,689</b>	<b>\$94,396</b>

1/The 2017-18 and 2018-19 amounts are payments from counties for the 2014-15 and 2015-16 final reconciliations respectively.

**Debts and Liabilities Eligible for Accelerated Payments Under Proposition 2**  
**2018 Budget Act**  
(Dollars in Millions)

	Outstanding Amount at Start of 2018-19 <sup>2/</sup>	Use of 2018-19 Pay Down	Proposed Use of 2019-20 Pay Down	Proposed Use of 2020-21 Pay Down	Proposed Use of 2021-22 Pay Down
<b>Budgetary Borrowing</b>					
Loans from Special Funds	\$1,248	\$205	\$39	\$288	\$474
Weight Fees	1,150	382	509	259	0
Underfunding of Proposition 98—Settle-Up	440	100	100	190	50
Non-Proposition 98 Mandates (Pre 2004)	18	7	0	0	0
Pre-Proposition 42 Transportation Loans	471	235	236	0	0
<b>State Retirement Liabilities</b>					
State Retiree Health	91,008	195	260	305	315
State Employee Pensions	58,765	623	390	427	532
Teachers' Pensions <sup>1/</sup>	103,468	0	0	0	0
Judges' Pensions	3,277	0	0	0	0
Deferred payments to CalPERS	682	0	0	0	0
<b>University of California Retirement Liabilities</b>					
University of California Employee Pensions	10,851	0	0	0	0
University of California Retiree Health	19,331	0	0	0	0
<b>Total</b>	<b>\$290,709</b>	<b>\$1,747</b>	<b>\$1,534</b>	<b>\$1,469</b>	<b>\$1,371</b>

<sup>1/</sup> The state portion of the unfunded liability for teachers' pensions is \$35.3 billion.

<sup>2/</sup> For retiree health and pensions, the amounts reflect latest actuarial report available.

# Prop 2 Rainy Day Fund - 2018-19 and Out Years 2018 Budget Act

(Dollars in Millions)

	2018-19	2019-20	2020-21	2021-22	
<b><u>1.5% of General Fund Revenues &amp; Transfers</u></b>					
1	General Fund Revenues and Transfers (before BSA transfer)	\$137,690	\$143,231	\$147,106	\$151,014
2	1.5% of General Fund Revenues & Transfers	\$2,065	\$2,148	\$2,207	\$2,265
<b><u>Capital Gain Revenues (Sec 20(b))</u></b>					
3	General Fund Tax Proceeds	\$137,681	\$143,127	\$146,732	\$150,450
4	Personal Income Taxes from Capital Gains	\$14,107	\$13,560	\$13,026	\$12,806
5	% of General Fund Tax Proceeds	10.2%	9.5%	8.9%	8.5%
6	8% of General Funds Tax Proceeds	\$11,014	\$11,450	\$11,739	\$12,036
7	Personal Income Taxes from Capital Gains in Excess of 8% General Fund Tax Proceeds	\$3,093	\$2,110	\$1,287	\$770
8	Prop 98 Share of Capital Gains Tax Revenue above 8%	\$1,664	\$1,191	\$557	\$294
9	Non 98 Share of Capital Gain Tax Revenue above 8%	\$1,429	\$919	\$730	\$476
10	Total Available (Lines 2 and 9)	\$3,494	\$3,067	\$2,937	\$2,741
11	<b>Debt Repayment (50%)</b>	<b>\$1,747</b>	<b>\$1,534</b>	<b>\$1,469</b>	<b>\$1,371</b>
12	<b>Deposit to Rainy Day Fund (50%)</b>	<b>\$1,747</b>	<b>\$1,534</b>	<b>\$1,469</b>	<b>\$1,371</b>
13	<b>Supplemental BSA Deposit</b>	<b>\$2,611</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
14	<b>Cumulative Balance in Rainy Day Fund <sup>1/</sup></b>	<b>\$13,768</b>	<b>\$15,302</b>	<b>\$16,771</b>	<b>\$18,142</b>
15	<b>BSA Balance as a Percentage of General Fund Tax Proceeds</b>	<b>10.0%</b>	<b>10.7%</b>	<b>11.4%</b>	<b>12.1%</b>
16	<b>Amount in excess of 10 percent of General Fund Tax Proceeds - (for Infrastructure/Deferred Maintenance)</b>	<b>\$0</b>	<b>\$989</b>	<b>\$1,109</b>	<b>\$999</b>
17	<b>Adjusted Deposit to the Rainy Day Fund</b>	<b>\$4,358</b>	<b>\$545</b>	<b>\$360</b>	<b>\$372</b>
18	<b>Adjusted Cumulative Balance in the Rainy Day Fund <sup>1/</sup></b>	<b>\$13,768</b>	<b>\$14,313</b>	<b>\$14,673</b>	<b>\$15,045</b>
		<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>

<sup>1/</sup> Includes balance of \$1.606b from 2014-15, \$2.093b from 2015-16, \$3.014b (includes \$1.488b additional transfer) from 2016-17 after second true up, and \$2.697b from 2017-18 after first true-up.

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