



Public Safety, the Judiciary and Labor Conference Committee on AB 97

Senator Holly J. Mitchell and Assembly Member Philip Y. Ting, Chairs

Members: Senator Ricardo Lara, Senator Richard D. Roth, Senator Jim Nielsen, Senator John M. W. Moorlach

Assembly Member Phillip Chen, Assembly Member Kevin McCarty, Assembly Member Jay Obernolte,

Assembly Member Shirley N. Weber, Assembly Member Joaquin Arambula - Democratic Alternate

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Issue	Description
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Language Access

Issue 1: Language Access Plan Implementation and Support for Court Interpreters

Governor provided \$352,000 from the Improvement and Modernization Fund (IMF) and two positions on an ongoing basis for the video remote interpreting (VRI) spoken language pilot. In addition, the Governor’s 2017-18 budget provides a \$490,000 one-time appropriation from the Court Interpreters’ Fund to support various activities to benefit the court interpreters program.

Senate rejected funding for the VRI pilot and approved \$490,000 in one-time funding from the Court Interpreters’ Fund.

Assembly approved the Governor’s proposal.

Conference issues \$352,000 (IMF) for the video remote interpreting pilot.

Issue	Description
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County Courthouses

Issue 2: Sacramento, Siskiyou, and San Diego Courthouse Construction Projects

Governor requested the adoption of trailer bill language that transfers the title of the old San Diego courthouse and adjacent old county jail to San Diego County from the state; requested an appropriation of \$664,000 from the Immediate and Critical Needs Account (ICNA) to fund the demolition of the existing structures on the acquired site for the new Siskiyou—New Yreka Courthouse; and requested the reappropriation of \$16 million from the Immediate and Critical Needs Account for the working drawings phase of the new Sacramento County courthouse.

Senate approved modified trailer bill language related to the old San Diego courthouse; approved funding for the Siskiyou courthouse with trailer bill language requiring certification that the new design will not increase court security costs; and rejected the reappropriation for the Sacramento courthouse.

Assembly rejected trailer bill related to the San Diego courthouse; approved the Governor’s proposal for the Siskiyou courthouse; and approved the reappropriation for the Sacramento County courthouse.

Conference issues trailer bill language and funding for the Sacramento County courthouse.

Issue	Description
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Electronic Filing

Issue 3: Statewide Electronic Filing Implementation

Governor provides a General Fund loan of \$671,000 in 2017-18, and \$491,000 in 2018-19, to the Trial Court Trust Fund to support three positions to develop and maintain an electronic filing system.

Senate approved the Governor’s proposal and adopted draft trailer bill language requiring that all systems meet federal and state laws related to access for people with disabilities.

Assembly approved the Governor’s proposal.

Conference issues trailer bill language related to accessibility for people with disabilities.

0250 Judicial Branch

Issue	Description
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Automated Accounting System

Issue 4: Transition to FI\$Cal

Governor provided an augmentation of \$5.3 million General Fund (\$2 million in 2017-18, \$1.8 million in 2018-19, and \$1.5 million in 2019-20 and ongoing) and six positions to support the transition from the Judicial Council’s current financial system to the FI\$Cal system.

Senate approved the Governor’s proposal.

Assembly rejected the Governor’s proposal.

Conference issues \$5.3 million General Fund.

0250 Judicial Branch

Issue	Description
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Court Reporters

Issue 5: Providing Court Reporters for Family Law Proceedings

Governor no proposal.

Senate no proposal.

Assembly provided \$15 million General Fund to provide court reporters for all family law proceedings.

Conference issues \$15 million General Fund.

0250 Judicial Branch

Issue	Description
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Legal Services

Issue 6: Equal Access Fund

Governor no proposal.

Senate augmented the Equal Access Fund by \$30 million ongoing General Fund. In addition, approve draft, placeholder trailer bill language specifying that 25 percent of residual funds from class action lawsuits will be deposited in the Equal Access Fund, 25 percent will be provided to the Judicial Council for collaborative court grants, and the remaining 50 percent shall be distributed as it is under current law.

Assembly augmented the Equal Access Fund by \$10 million ongoing General Fund.

Conference issues \$20 million General Fund and trailer bill language.

Issue	Description
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Firearms

Issue 7: Firearms Trailer Bill Language and Budget Bill Language

Governor no proposal.

Senate adopted draft, placeholder trailer bill language establishing a state prohibition against owning, purchasing, receiving, possessing, or having under his or her custody or control a firearm or ammunition if that person has a current felony warrant or a prohibiting misdemeanor warrant, consistent with current law; and extending the deadline for the registration of a semiautomatic firearm that does not have a fixed magazine by six months. In addition, added provisional language allowing for the expenditure of the appropriation for SB 880 over a two-year period.

Assembly adopted draft, placeholder trailer bill language extending the deadline for the registration of a semiautomatic firearm that does not have a fixed magazine by six months. In addition, added provisional language allowing for the expenditure of the appropriation for SB 880 (Hall), Chapter 48, Statutes of 2016, over a two-year period.

Conference issues trailer bill language related prohibiting warrants.

Issue	Description
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Immigration

Issue 8: Immigration Detention

Governor no proposal.

Senate adopted draft, placeholder trailer bill language requiring DOJ to monitor the treatment of immigrants being detained in California. The department will be required to audit each facility annually and report to the Legislature and Governor its findings. In addition, adopted draft trailer bill language prohibiting local law enforcement agencies from expanding existing contracts with the federal government related to contract beds being utilized to detain immigrants in civil immigration proceedings or from entering into new contracts for the purpose of utilizing jail beds to detain immigrants in civil immigration proceedings.

Assembly no proposal.

Conference issues trailer bill language.

Issue	Description
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Federal Actions

Issue 9: Legal Resources for Federal Actions

Governor proposed \$6.5 million and 31 positions for two years to address new legal workload related to various actions taken at the federal level that impact public safety, healthcare, the environment, consumer affairs, and other constitutional issues.

Senate approved the proposed funding and adopted draft, placeholder trailer bill language requiring that for potential litigation involving California’s Secure Choice, the Attorney General’s Office shall contract with attorneys that possess a comprehensive knowledge of the Employee Retirement Income Security Act of 1974 (ERISA) and have extensive experience litigating ERISA claims in the federal trial and appellate courts.

Assembly approved the Governor’s proposal.

Conference issues trailer bill language.

0820 Department of Justice (DOJ)

Issue	Description
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California's Shared Gang Database

Issue 10: Concerns Related to the CalGang Database

Governor no proposal.

Senate no proposal.

Assembly provided \$10 million for the Department of Justice to administer the CalGang Database and implement AB 2298 (Weber) Chapter 752, Statutes of 2016.

Conference issues \$10 million General Fund.

Issue	Description
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Law Enforcement Contact Process

Issue 11: Law Enforcement Contact Process Trailer Bill

Governor proposed trailer bill language that would make the Attorney General's duty related to the implementation of AB 1993 (Irwin) Chapter 514, Statutes of 2016, effective only upon appropriation of sufficient funds by the Legislature to the Attorney General. The bill requires electronic communication service providers to maintain a specific process that would allow law enforcement to contact them. The bill also requires that providers report their specific process to DOJ by July 2017.

Senate declined to hear the proposal.

Assembly rejected trailer bill language and provide \$500,000 General Fund for DOJ to fully implement AB 1993.

Conference issues \$500,000 General Fund.

Issue	Description
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Incompetent to Stand Trial Caseload

Issue 12: Admission, Evaluation, and Stabilization (AES) Center

Governor the Governor’s budget for 2017-18 proposes to establish an AES Center, which would be located in the Kern County Jail. Specifically, the budget proposes a \$7.2 million General Fund augmentation and two positions for DSH to activate 60 beds in the Kern County Jail in Bakersfield to provide restoration services for people who have been deemed incompetent to stand trial (IST) due to a mental illness.

Senate approved the Governor’s proposal.

Assembly approved the Governor’s proposal with modified trailer bill language giving DSH the authority to determine who is admitted to jail-based competency programs.

Conference issues trailer bill language.

4440 Department of State Hospitals (DSH)

Issue	Description
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Conditional Release Program

Issue 13: Transitional Housing

Governor for the continuation of the Statewide Transitional Residential Program (STRP) for CONREP patients, the budget contains \$976,000 in General Fund. STRP beds provide temporary housing to CONREP patients unable to live in the community without direct supervision. DSH activated 16 beds in FY 2016-17 and this request provides the ongoing funding for the continued operation of these beds.

Senate approved the proposed budget on a one-time basis. In addition, adopted the LAO's recommendation requiring DSH to submit and updated report on January 1, 2018, with the expectation that the county mental health departments and private contractors seek Medi-Cal reimbursement for all reimbursable medical and mental health treatment by July 1, 2018, absent clear direction from the federal government that the medical and mental health costs for CONREP patients are not eligible.

Assembly approved the Governor's proposal.

Conference issues The Senate approved the funding on a one-time basis with reporting requirements and the Assembly approved the Governor's proposal.

4440 Department of State Hospitals (DSH)

Issue	Description
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Metropolitan State Hospital

Issue 14: Central Utility Plant

Governor the May Revision included provisional language to enable DSH to request funding necessary to continue to contract for heating and cooling through the existing central utility plant for the Metropolitan State Hospital.

Senate held open.

Assembly adopted placeholder provisional language that provides up to \$1.5 million in General Fund authority to continue operations of the Central Utility Plant at Metropolitan State Hospital.

Conference issues provisional language.

Issue	Description
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Inpatient Psychiatric Programs

Issue 15: Transfer of Psychiatric Programs

Governor proposes to shift responsibility for the three inpatient psychiatric programs DSH operates in state prisons to CDCR, beginning in 2017-18. Accordingly, the budget proposes a transfer of \$254 million (General Fund) and 1,978 positions from DSH to CDCR effective July 1, 2017.

Senate approved the transfer but delayed it until stakeholders have met and agreed on key terms of the transition.

Assembly rejected the transfer and adopt placeholder trailer bill language which directs CDCR and DSH to work with stakeholders on a plan to transfer acute levels of care from DSH to CDCR.

Conference issues The Senate approved the transfer of \$254 million General Fund and positions with budget bill language delaying the transfer and the Assembly rejected the transfer and adopted trailer bill establishing a stakeholder process.

5225 Department of Corrections and Rehabilitation (CDCR)

Issue	Description
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Division of Juvenile Justice

Issue 16: State Juvenile Justice Facilities

Governor no proposal beyond the standard adjustment for population.

Senate required CDCR to redirect \$500,000 within DJJ toward providing innovative programming grants. Augmented DJJ staff by two community resource management positions, one for the Ventura facility and one for the two Stockton facilities, and required DJJ to fund the staff using existing resources. Provided \$750,000 to the California Arts Council to expand their grant program for at-risk youth and expanding the program to include the state's three juvenile facilities.

Assembly provided \$3 million to expand the career technical education (CTE) programs at the three high schools through further CTE program development and equipment purchases.

Conference issues budget bill language and \$3 million augmentation from the Assembly and \$750,000 augmentation from the Senate.

Issue	Description
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Parole

Issue 17: Expansion of Parole Opportunities and Support for Parolees

Governor provided \$2.7 million General Fund and 21 positions to continue the case management reentry program (CMRP), which is designed to provide intensive case management services to address homelessness, joblessness, mental illness, and developmental disabilities among parolees in five counties.

Senate:

- Augmented the Governor’s proposal by an additional \$2.7 million and 21 additional positions to expand the CMRP program to five additional counties.
- Adopted trailer bill expanding compassionate release and medical and elderly parole.
- Adopted trailer bill requiring that inmates be pre-enrolled in CalFresh and Supplemental Security Income (SSI) programs, if eligible, prior to their release.
- Adopted trailer bill authorizing a person who is committed to a state hospital after being found not guilty by reason of insanity to petition the court to have the maximum term of commitment reduced to what it would have been had Proposition 36 or Proposition 47 been in effect at the time of the original determination.
- Provided \$250,000 to the Community Colleges Chancellor’s Office to expand the Underground Scholars program at the University of California at Berkeley to community college campuses.

Assembly allocated \$5 million General Fund to continue the Supervised Population Workforce Training grant program administered by the California Workforce Investment Board. These grants are provided to assist formerly incarcerated individuals.

Conference issues trailer bill and \$5 million in the Assembly and \$3 million and 21 positions in the Senate.

5225 Department of Corrections and Rehabilitation (CDCR)

Issue	Description
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Rehabilitation Programming

Issue 18: Maintaining and Expanding Rehabilitation Programming

Governor The Governor did not propose any expansions to rehabilitative programming and reduced funding for innovative programs for long-term offenders by \$5.5 million General Fund by not renewing one-time funding from the previous year.

Senate restored \$5.5 million General Fund to provide innovative programming for long-term offenders and made the funding ongoing.

Assembly provided \$7 million ongoing General Fund to ensure that career technical education (CTE) participants and CDCR have the necessary resources and equipment to effectively implement CTE programs.

Conference issues \$5.5 million in the Senate and \$7 million in the Assembly.

5225 Department of Corrections and Rehabilitation (CDCR)

Issue	Description
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Drug and Contraband Interdiction Efforts

Issue 19: Canine Teams

Governor provided \$6.7 million General Fund and 43 positions to establish two permanent canine teams at each state prison as a statewide drug and contraband interdiction strategy.

Senate rejected the Governor's proposal.

Assembly approved the Governor's proposal.

Conference issues \$6.7 million and 43 positions.

Issue	Description
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In-Prison Video Surveillance

Issue 20: Video Surveillance Pilot Project

Governor provided \$11.7 million General Fund (\$10.5 million one-time) and four one-year limited-term positions beginning in 2017-18 to implement a comprehensive video surveillance pilot program at the Central California Women's Facility and High Desert State Prison.

Senate approved the funding and required that guidelines for the video surveillance pilot include a requirement that appeals coordinators in the pilot institutions review video of any incidents prior to determining the disposition of an inmate complaint or appeal, especially in the case of staff complaints. In addition, provided \$73,000 General Fund and one position for the Office of the Inspector General (OIG) to assess the impact of the cameras on the pilot institutions and report back during future budget hearings. Finally, required CDCR to retain video footage for 90 days

Assembly approved the Governor's proposal.

Conference issues \$73,000 and one position for the OIG and budget bill language.

Issue	Description
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Capital Outlay

Issue 21: Roof Replacements

Governor provided \$34.9 million General Fund to replace roofs at the California Correctional Institution, Pleasant Valley State Prison, and Salinas State Prison. The Administration notes that the severity of storms in California this past year has damaged the roofs at these three prisons.

Senate approved the Governor’s proposal.

Assembly approved the Governor’s proposal and adopted placeholder trailer bill language to require CDCR to continue to provide budget change proposal requests in order to secure funding for roof replacement projects.

Conference issues trailer bill language.

5225 Department of Corrections and Rehabilitation (CDCR)

Issue	Description
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Prison Staffing

Issue 22: Variations in Standardized Staffing

Governor provided \$5.9 million General Fund and 44.1 positions beginning in 2017-18 to augment custody standardized staffing levels at three adult institutions designed to provide sufficient security coverage based on institution design and for activation of additional space.

Senate approved the Governor's proposal.

Assembly rejected the Governor's proposal.

Conference issues \$5.9 million General Fund and 44.1 positions.

Issue	Description
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Warden Retention

Issue 23: Pay Increases for Captains and Above

Governor budget item 9800 contains \$7 million General Fund for a CDCR warden recruitment and retention proposal. There is no formal budget change proposal or other detailed documents associated with this proposal.

Senate reduced the proposed funding by \$5 million to reflect the first year costs and limited the salary increases to the captain through warden ranks in the prisons (excluding headquarters staff). It is the intent of the Legislature that this funding will be used to improve the retention of captains, associate wardens, deputy wardens, and wardens. CDCR is also required to report during budget hearings each year on the impact of the funding increase on retention of staff in these classifications.

Assembly adopted the Governor’s proposal.

Conference issues \$5 million, limiting salary increases to institution staff (in both adult and juvenile facilities) and clarification related to Legislative intent.

5225 Department of Corrections and Rehabilitation (CDCR)

Issue	Description
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Inmate Healthcare

Issue 24: Physician Retention Strategies

Governor provided \$7 million General Fund and 44 positions 2017-18, growing to \$14 million in 2018-19, to implement physician retention strategies to address high vacancy rates in the state prisons.

Senate provided 31 positions for telemedicine, which would be funded by salary savings in 2017-18; and rejected the proposed \$10.4 million from the General Fund to pay for these positions on an ongoing basis starting in 2018-19. In addition, provided 13 regional support team positions and \$1.8 million funding.

Assembly adopted the Governor's proposal.

Conference issues The Senate provided \$1.8 million and the Assembly provided \$14 million for physician retention.

5227 Board of State and Community Corrections (BSCC)

Issue	Description
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BSCC Oversight

Issue 25: BSCC Review Functions

Governor no proposal.

Senate adopted the following as draft, placeholder trailer bill language:

When requested by the Governor, the Senate Committee on Rules, or the Speaker of the Assembly, the Board of Corrections shall review policies, practices, and procedures of local detention facilities. The Board of Corrections shall report its findings to the requesting entity.

Assembly no proposal.

Conference issues trailer bill language.

Issue	Description
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Community Mental Health Infrastructure

Issue 26: Community Infrastructure Grants and Children’s Mental Health Crisis Continuum

Governor proposed eliminating \$67.5 million General Fund in 2016-17. These funds were approved in the 2016 Budget Act for infrastructure grant funding to assist communities in providing mental health or substance use disorder treatment. In addition, proposed eliminating \$17 million General Fund in 2016-17. These funds were approved in the 2016 Budget Act to increase the number of facilities providing a continuum of crisis services for children.

Senate reduced the lease-revenue bond authority provided to the Board of State and Community Corrections through SB 844 (Committee on Budget and Fiscal Review), Chapter 24, Statutes of 2016, by \$85 million and provide the Health Care Facilities Financing Authority with \$85 million in lease-revenue bond authority to provide grants to counties to build infrastructure for mental health treatment for both adults and children. Specifically, \$68 million will be provided for community mental health infrastructure grants and \$17 million will be provided for children’s crisis capacity infrastructure grants.

Assembly rejected Governor’s proposal to eliminate the funding.

Conference issues \$85 million shift in lease-revenue bonds in the Senate and \$85 million General Fund, with no jail construction decrease in the Assembly.

5227 Board of State and Community Corrections (BSCC)

Issue	Description
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Extradition Rates

Issue 27: Increase in Extradition Rates Reimbursement

Governor proposed trailer bill language setting various reimbursement rates associated with transporting fugitives. The language includes a different rate for the law enforcement officer doing the transporting than for the individual being transported.

Senate modified the language to establish the same rates for all people involved in the transportation, both the officers and the prisoner, patient, ward, or fugitive being transported.

Assembly approved the Governor's proposed language.

Conference issues trailer bill language.

5227 Board of State and Community Corrections (BSCC)

Issue	Description
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Local Law Enforcement

Issue 28: Funding for local law enforcement

Governor no proposal.

Senate no proposal.

Assembly provided \$100,000 for the Ione Police Department.

Conference issues \$100,000 General Fund

9285 and 9286 Trial Court Security

Issue	Description
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Trial Court Security

Issue 29: Trial Court Security Augmentation

Governor provided \$280,000 in 2017-18, and \$560,000 ongoing General Fund to offset the security costs related to the transfer of four judgeships between counties. In addition, the base budget included \$7 million General Fund to offset the trial court security costs for those courts completing construction of new courthouses after October 9, 2011.

Senate rejected all funding, outside of realignment revenue, related to trial court security.

Assembly approved the Governor's proposed funding.

Conference issues \$7.3 million General Fund.

Various

Issue	Description
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State Penalty Fund

Issue 30: State Penalty Fund Adjustments and Trailer Bill

Governor proposed eliminating the statutory formulas dictating how the State Penalty Fund (SPF) revenues are distributed and, instead, appropriate revenues directly to certain programs based on the Governor's priorities. Under the plan, some programs would no longer receive SPF support entirely, while others would be reduced. (See handout on second page for funding detail.)

Senate modified the Governor's proposal to reflect Senate priorities and adopted budget bill language modifying the CalGRIP program.

Assembly modified the Governor's proposal to reflect Assembly priorities and augmented the SPF funding by \$3 million General Fund (\$1 million to fund the Internet Crimes Against Children task force and \$2 million for CalGRIP).

Conference issues SPF funding priorities; budget bill language; and \$3 million General Fund.

Various

Issue	Description
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State Penalty Fund

State Penalty Fund Adjustments and Trailer Bill (continued – Issue 30)

Proposed 2017-18 Allocations From the State Penalty Fund^a				
<i>(In Thousands)</i>				
Program	Existing Law	Governor	Assembly	Senate
Peace Officers Standards and Training	\$28,784	\$46,496	\$43,496	\$46,496
Standards and Training for Corrections	16,880	17,209	14,209	10,000
Victim Compensation	13,027	9,082	8,082	9,082
Various OES Victim Programs ^b	11,884	12,053	11,553	12,053
CalGRIP	9,519	—	7,500 ^c	7,500 ^d
CalWRAP	5,217	3,277	3,277	3,277
Bus Driver Training	1,583	1,038	1,038	1,038
Internet Crimes Against Children	1,008	—	— ^e	—
Traumatic Brain Injury	953	800	800	600
Local Public Prosecutors and Public Defenders Training	850	—	—	450
Fish and Game Preservation Fund	450	450	450	100
Motorcyclist Safety	250	—	—	—
Totals	\$90,405	\$90,405	\$90,405	\$90,596

^a Programs may also receive funding from other fund sources.

^b Includes Victim-Witness Assistance Program, Victim Information and Notification Everyday Program, Rape Crisis Program, Homeless Youth and Exploitation Program, and Child Sex Abuse Treatment Program.

^c Assembly approved an additional \$2 million (General Fund).

^d Senate also approved budget bill language requiring numerous changes related to CalGRIP, including allocating \$750,000 to Los Angeles County, requiring annual reports on the overall effectiveness of the program, and changing how funding is allocated.

^e Assembly approved \$1 million (General Fund).

OES = Office of Emergency Services; CalGRIP = California Gang Reduction, Intervention, and Prevention Program; and CalWRAP = California Witness Relocation and Assistance Program.

Issue	Description
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Civil Service Trailer Bill Language

Issue 31: Civil Service Trailer Bill Language

Governor proposed trailer bill language to reform the civil service process. Specifically, the trailer bill language would extend probationary periods from six months to up to one year for rank-and-file employees, and establish probationary periods up to two years for excluded employees, expand the definition of class, remove rules regarding eligibility lists, and remove most rules for job examination announcements, among other provisions.

Senate did not approve the Governor's proposed trailer bill.

Assembly adopted placeholder trailer bill language.

Conference issue is the trailer bill language.

Issue	Description
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Workforce Innovation Opportunity Act Discretionary Federal Funds

Issue 32: Workforce Innovation Opportunity Act Discretionary Federal Funds

Governor provided a total of \$2 million in discretionary funding for the Regional Workforce Accelerator Program, which is an \$8.3 million reduction relative to 2016-17 funding. The Governor also provided a total of \$10.5 million for the Slingshot 2.0 Program, which is an increase of \$5.6 million relative to 2016-17 funding.

Senate provided funding for the Regional Workforce Accelerator Program for a total of \$4.8 million, and the Slingshot Program for a total of \$7.7 million.

Assembly approved the Governor's proposal.

Conference issue is funding for the Slingshot Program and the Regional Workforce Accelerator Program.

Issue	Description
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Apprenticeships, Pre-apprenticeships, and Job Training

Issue 33: Apprenticeships, Pre-apprenticeships, and Job Training

Governor proposed \$5 million and one position payable from the Road Maintenance and Rehabilitation Account, State Transportation Fund for 2017-18 through 2021-22, to implement pre-apprenticeship training programs, focused on formerly incarcerated persons, women, and minorities, in support of Senate Bill 1 (Beall) Chapter 5, Statutes of 2017 projects.

Senate approved the Governor’s proposal, and also adopted budget bill language to encourage other partnerships and collaboration with other pre-apprenticeship programs with California Department of Corrections and Rehabilitation, and CalTrans.

Assembly proposed \$600,000 one-time General Fund to the Division of Apprenticeship Standards to collaborate with the California Firefighters Joint Apprenticeship Council in the development of a new firefighter pre-apprenticeship pilot program at the Department of Industrial Relations.

The Assembly also provided \$1 million to the Employment Training Panel for workforce training in the film industry.

Conference issues are the Assembly’s additional funding for workforce training programs, and the Senate’s budget bill language.

Issue	Description
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Supplemental Payment

Issue 34: Supplemental Payment

Governor proposed trailer bill language to borrow \$6 billion from the state Surplus Money Investment Fund (SMIF) and Pooled Money Investment Account (PMIA)—an account that invests money from the state and local governments—and use this loan to provide a supplemental payment to CalPERS to pay down a portion of state pension liabilities. Rather than borrow from individual special funds as the state has done in past, this loan would come from PMIA as a whole. According to the Administration, this would reduce unfunded liabilities, and save a net of \$11 billion over three decades. Moreover, the General Fund share of the repayment would come from Proposition 2. Trailer bill language also provides the Department of Finance latitude in determining timing and amounts for repayment of loan principal and interest.

The Administration also proposed budget bill language to provide \$427 million Proposition 2 General Fund to supplement the state's retirement contributions in 2017-18. DOF would transfer these funds either to the Public Employment Retirement Fund, or the SMIF for repayment of principal and interest of the \$6 billion loan that was made to supplement the state's retirement contributions.

Senate approved \$427 million Proposition 2 General Fund in supplemental state retirement contribution.

Assembly approved the Governor's proposal, and adopted placeholder trailer bill language.

Conference issue is TBL and BBL on the supplemental payment.

Issue	Description
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Administrative Budget Adjustments

Issue 35: Administrative Budget Adjustments

Governor proposed trailer bill language and budget bill language to require all administrative expenses currently being paid from the Health Care Fund (HCF) be paid from the Contingency Reserve Fund (CRF). Any future administrative expenses - regardless of health plan - be paid only from the CRF. The HCF was established in 1988 to fund CalPERS “self-funded” plans, such as Preferred Provider Organization (PPOs). Contributions to the HCF are built into these plans’ premiums. The Administration also includes budget bill language, which directs CalPERS to maintain a one-month reserve in the CRF.

Senate rejected the Administration’s proposal to consolidate all administrative expenses into the CRF, and approved a one-month reserve.

Assembly rejected the Administration’s proposal.

Conference issue is budget bill language regarding the one-month reserve.