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Agenda

February 3, 2022

Upon Adjournment of Session – Senate Chamber

	<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1.	AB 147	Committee on Budget	Budget Act of 2021
2.	AB 84	Committee on Budget	Employment: COVID-19 Supplemental Paid Sick Leave
3.	AB 87	Committee on Budget	Economic Relief: COVID-19 Pandemic
4.	AB 139	Committee on Budget	Human Services
5.	AB 142	Committee on Budget	State Employment: State Bargaining Units: Memorandum of Understanding

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 147 **Hearing Date:** February 3, 2022
Author: Ting
Version: February 2, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Joe Stephenshaw

Subject: Budget Act of 2021

Summary: This is a Budget Bill Junior associated with the Budget Act of 2021. This bill makes technical and substantive changes to the Budget Act.

Background: On June 14, 2021, the Legislature passed AB 128 (Ting, Chapter 21, Statutes of 2021), which represented the Legislature's budget agreement.

On June 28, 2021, the Legislature passed SB 129 (Skinner, Chapter 69, Statutes of 2021), which made amendments based off of AB 128 and represented the budget agreement between the Legislature and the Administration.

On July 8, 2021, the Legislature passed AB 161 (Ting, Chapter 43, Statutes of 2021), which was a Budget Bill Junior that made changes to the Budget Act.

On July 14, 2021, the Legislature passed AB 164 (Ting, Chapter 84, Statutes of 2021), which is a Budget Bill Junior that made changes to the Budget Act.

On September 9, 2021, the Legislature passed SB 170 (Skinner, Chapter 240, Statutes of 2021), which is a Budget Bill Junior that made changes to the Budget Act.

Proposed Law: Significant provisions of this bill include:

1. Transfers a total of \$1.9 billion from the General Fund to the California Emergency Relief Fund for purposes related to the COVID-19 state of emergency, as proclaimed on March 4, 2020. These funds will be used to increase testing capacity, enhance and expand vaccination programs, bolster the health care system, support frontline workers and address the current surge in COVID-19 cases caused by the Omicron variant. The specified allocations for each department are as follows:

Department of Public Health (DPH) – Appropriates \$1.6 billion to DPH. DPH indicates this funding will support the following measures:

- \$18.2 million for contract tracing.
- \$486.7 million for hospital and medical surge.
- \$56.6 million for state response operations.
- \$599.2 million for statewide testing.
- \$399.1 million for vaccine distribution and administration.

- \$65 million for information technology.

California Department of Corrections and Rehabilitation (CDCR) – Appropriates \$205.5 million to CDCR. This funding will be used to support California Correctional Health Care Services' efforts to treat COVID-19 and minimize exposure to incarcerated individuals and staff through testing. CDCR indicates \$161.8 million will support contracts to conduct staff testing. This covers all costs for the testing process (e.g. collection, supplies, lab processing). In addition, CDCR indicates \$43.7 million will support contracts for laboratory work and registry staff to collect lab samples from incarcerated individuals.

Office of Emergency Services (OES) – Appropriates \$100 million to OES for ongoing activities undertaken in response to the COVID-19 pandemic. OES indicates the additional appropriation, along with existing funds, will support the following activities:

- \$16.4 million for mutual aid.
 - \$5 million for commodity transport.
 - \$50 million for personal protective equipment procurement.
 - \$15 million for equipment.
 - \$10 million for personnel.
 - \$10 million for information technology.
2. Appropriates \$30.3 million General Fund to the Department of Water Resources (DWR) for a portion of the costs associated with the installation of equipment necessary to meet emissions control requirements on four 30-megawatt generators that were purchased under an emergency proclamation issued by the Governor in July 2021. In August 2021, under the authority of the emergency proclamation, the Director of Finance authorized the expenditure of \$171.5 million from the Disaster-Response Emergency Operations Account (DREOA) to acquire and install four natural gas generators to help avoid electricity system blackouts. After they purchased the generators, DWR identified a need for an additional \$40.3 million for the installation of the necessary emission controls, upgrades to the interconnection with Pacific Gas and Electric's electricity network, and to address costs associated with North America Electric Reliability Corporation requirements. Earlier this month the Administration used Budget Item 9840 to cover the first \$10 million of these costs, with the remainder to be covered by this appropriation.
 3. Transfers \$100 million to the Mental Health Services Fund as a swap for Federal American Rescue Plan Act funds.
 4. Exempts contracts to support the administration of the California Reducing Disparities Project from provisions of the Public Contract Code.
 5. Appropriates \$1.6 million to DPH to implement the regulation of industrial hemp products pursuant to AB 45 (Aguiar-Curry), Chapter 576, Statutes of 2021.

6. Exempts contracts related to the California Community Living Network from the Public Contract Code and from review or approval by the Department of General Services or the Department of Technology.
7. Appropriates \$3.25 million to the Department of Social Services (DSS) for Administrative Costs for supplemental funding to center-based child care providers in the General Child Care and Migrant Child Care programs.
8. Appropriates \$47.7 million to DSS for supplemental funding for Private-Center Based Child Care Providers (including Administrative costs).
9. Requires the Department of Finance to allocate General Fund resources in Fiscal Year 2021-22 for cash flow loans to the state Emergency Rental Assistance Program, or to locally-administered rental assistance programs, to be paid back with federal funds upon reallocation of federal funds to California for rental assistance. Requires the Department of Finance to forgive the amounts not covered by the federal allocation.
10. Amends Budget Control Section 11.96 to reflect changes in the revenue loss calculation for the purpose of adjusting the allocations of the \$27 billion in State Fiscal Recovery Funds (SFRF) the state received from the American Rescue Plan Act of 2021. Under the revised calculation, the Department of Finance identified an additional revenue loss of approximately \$2 billion, from an estimate of \$9.2 billion in the 2021 Budget Act to \$11.2 billion in the Governor's proposed budget. The revisions do not change total funding levels for any of the impacted programs and do not result in any net General Fund costs. The language continues to provide the Administration with the flexibility to make adjustments in the allocations of the \$27 billion budgeted from the SFRF for COVID-19 response and recovery activities and requires the Director of Finance to notify the Joint Legislative Budget Committee within 10 days of the transfer of any funds.
11. Makes other minor technical changes.

Fiscal Effect: This bill makes various changes to the Budget Act of 2021, including appropriating approximately \$2.1 billion from the General Fund.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No:	AB 84	Hearing Date:	February 3, 2022
Author:	Committee on Budget		
Version:	February 2, 2022 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Christopher Francis		

Subject: Employment: COVID-19: supplemental paid sick leave

Summary: This trailer bill makes various statutory changes to COVID-19 supplemental paid sick leave provisions that expired on September 30, 2021.

Background:

EXISTING STATE LAW:

- 1) Provides, under the Healthy Workplaces, Healthy Families Act of 2014, that an employee who works for the same employer for 30 days or more within a year from the commencement of employment is entitled to a minimum of 24 hours or three paid sick days on the 120th calendar day of employment.
- 2) Provides that an employer is not required to provide additional paid sick leave if the employer has a paid leave policy or paid time off policy and makes available an amount of leave to employees under the same conditions and the policy satisfies the accrual, carryover, and use requirements described in existing law.
- 3) Requires an employer, in each workplace of the employer, to display a poster in a conspicuous place containing specified information on paid sick days.
- 4) Establishes the Labor Commissioner's Office within the Department of Industrial Relations to, among other things, enforce wage, overtime, and sick leave laws.
- 5) Requires the Labor Commissioner to enforce the paid sick leave provisions and provides for procedures, including investigation and hearing, and for remedies and penalties.
- 6) Establishes the COVID-19 Supplemental Paid Sick Leave, and COVID-19 Food Sector Supplemental Paid Sick Leave, which provided up to two weeks of supplemental sick leave at hiring entities with 500 workers or more. Employees were allowed to take this leave if they were subject to quarantine or isolation due to COVID-19 or prohibited from working due to concerns related to potential transmission of COVID-19. These provisions were retroactively applied to either March 4, 2020 or April 16, 2020, as specified, and expired on December 31, 2020.

- 7) Reestablishes, through SB 95 (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2021, COVID-19 supplemental sick leave for employers, as defined under existing law, who have more than 25 employees. The bill specified that employees were entitled to up to 80 hours of supplemental sick leave due to quarantine or isolation related to COVID-19, attending an appointment or experiencing symptoms related to COVID-19 vaccine, experiencing COVID-19 symptoms, caring for a family member who is subject to quarantine, or caring for a child whose school or place of care is closed due to COVID-19. The bill provided \$100,000 from the General Fund to the Labor Commissioner for resources to implement and enforce the provisions of the bill. This supplemental leave was available through September 30, 2021.

STATE EXECUTIVE ORDER:

- 8) Executive Order N-51-20 required a hiring entity with 500 employees or more to provide an eligible food sector worker supplemental paid sick leave related to COVID-19, as specified. The executive order also permitted employees working in any food facility to wash their hands every 30 minutes and additionally if needed.

EXISTING FEDERAL LAW:

- 9) The Families First Coronavirus Response Act (FFCRA) provided up to two weeks of paid sick leave to all employees of employers of 500 employees or less for specified reasons related to COVID-19 with specified rate of pay.
- 10) The FFCRA authorized a health care or emergency responder employer to exclude certain health care providers and emergency responders from these provisions. Additionally, the FFCRA authorized the Secretary of Labor to issue regulations to exclude certain health care providers and emergency responders from this, including allowing an employer of these workers to opt out. The FFCRA sunset on December 31, 2020.
- 11) The FFCRA provided payroll tax credits to qualified employers who provided paid sick leave through December 31, 2020. The Coronavirus Response and Relief Supplemental Appropriations Act extended the FFCRA tax credit through March 31, 2021.

The American Rescue Plan (ARP) extended the FFCRA tax credit from April 1, 2021 through September 30, 2021. The ARP reset the two weeks of FFCRA tax credit on April 1, 2021, and allowed supplemental paid sick leave to be taken for COVID-19 vaccine related reasons and seeking or awaiting diagnostic test for COVID-19.

Proposed Law: This bill makes various statutory changes to extend COVID-19 supplemental paid sick leave provisions that were included in SB 95 but expired on September 30, 2021. The bill:

- 1) Reestablishes the COVID-19 supplemental paid sick leave for employers, as defined under existing law, who have more than 25 employees.

- 2) Reestablishes the specifications that a covered employee is entitled to COVID-19 supplemental paid sick leave if the employee is unable to work or telework because the employee is:
- a. Subject to quarantine or isolation related to COVID-19 as defined by the State Department of Public Health, Centers for Disease Control and Prevention, or a local health officer who has jurisdiction over the workplace,
 - b. Advised by a health care provider to self-quarantine due to concerns related to COVID-19,
 - c. Attending an appointment to receive a COVID-19 vaccine or a vaccine booster,
 - d. Experiencing symptoms related to a COVID-19 vaccine or a vaccine booster that prevents the employee from being able to work,
 - e. Experiencing COVID-19 symptoms, and is seeking a medical diagnosis,
 - f. Caring for a family member, as defined in existing law under subdivision (c) of Section 245.5 of the Labor Code, who is subject to quarantine or isolation as specified in (a) or (b) above,
 - g. Caring for a child, as defined by existing law under subdivision (c) of Section 245.5 of the Labor Code, whose school or place of care is closed due to COVID-19,

Provides up to one week or 40 hours of COVID-19 supplemental leave to eligible employees covered above.

- 3) Adds that a covered employee is also entitled to COVID-19 supplemental paid sick leave if the employee is unable to work or telework because the employee is:
- a. Attending appointment to receive a COVID-19 vaccine or a vaccine booster for the employee's family member, or
 - b. Caring for a family member who has symptoms from a COVID-19 vaccine or a vaccine booster.

Provides up to one week or 40 hours of COVID-19 supplemental leave to eligible employees covered above.

- 4) Adds that for each vaccination or vaccine booster, an employer may limit the total COVID-19 supplemental paid sick leave for symptoms to 3 days or 24 hours unless the employee provides verification from a health care provider that the covered employee or their family member is continuing to experience symptoms related to a COVID-19 vaccine or a vaccine booster.

- 5) Entitles a covered employee, in addition to the COVID-19 supplemental paid sick leave described above, to take up to 40 more hours of COVID-19 supplemental paid sick leave if the covered employee, or a family member for whom the covered employee is providing care, tests positive for COVID-19.
- 6) Authorizes the employer to require the covered employee, if that employee tests positive, to submit to another test on or after the fifth day after the first positive test and provide documentation of those results.
- 7) Authorizes the employer to require the covered employee to provide documentation of a family member's test result before paying the additional COVID-19 supplemental paid sick leave, as applicable.
- 8) Specifies that the employer has no obligation to provide additional COVID-19 supplemental paid sick leave if the employee refuses to provide documentation of a test result.
- 9) States that the employee is not required to exhaust the initial flexible 40 hours of COVID-19 supplemental paid sick leave before accessing the 40 hours additionally provided as a result of a positive COVID-19 test.
- 10) States that the employer shall provide an employee with written notice that sets forth the amount of COVID-19 supplemental paid sick leave that the employee has used through the pay period in which it was due to be paid on either the employee's itemized wage statement described in Section 226 or in a separate writing provided on the designated pay date with the employee's payment of wages. The employer shall list zero (0) hours used if a worker has not used any COVID-19 supplemental paid sick leave. This requirement is not enforceable until the full pay period following the effective date of the law.
- 11) Specifies that firefighters who were scheduled to work more than 40 hours for the employer in the workweek preceding COVID-19 supplemental paid sick leave, are entitled to the amount of supplemental paid sick leave equal to the total number of scheduled work hours in that preceding workweek.
- 12) Specifies that the total number of hours under COVID-19 supplemental paid sick leave is in addition to any paid sick leave that may be available under existing law.
- 13) Authorizes the employee to determine how many hours of COVID-19 supplemental paid sick leave to use, up to the total number of hours provided under the section, and specifies that the employers shall make the supplemental sick leave available for immediate use by the employee upon request.
- 14) Specifies that each hour of COVID-19 supplemental paid sick leave for nonexempt employees shall be compensated based on the highest pay rate equal to the following: (1) calculated in the same manner as the regular rate of pay for the workweek in which the employee uses COVID-19 supplemental paid sick leave, (2) calculated by dividing the total wages, not including overtime premium pay, by the total hours worked, in the full pay period of the prior 90 days

worked, (3) state minimum wage, or (4) local minimum wage. For exempt employees, the COVID-19 supplemental paid sick leave shall be calculated in the same manner as the employer calculates wages for other forms of paid leave time.

- 15) Specifies that employees will be compensated based on regular rate of pay pursuant to existing law or collective bargaining agreement. The compensation shall not exceed \$511 per day or \$5,110 in total, unless federal legislation is enacted to increase these amounts.
- 16) Specifies that an employer shall not require a covered employee to use other paid leave or unpaid leave before the employee uses COVID-19 supplemental paid sick leave or in lieu of such leave.
- 17) Does not require employers to first exhaust COVID-19 Supplemental Paid Sick Leave prior to Emergency Temporary Standards or Aerosol Transmissible Disease standards.
- 18) Authorizes an employer to count the hours of other paid leave provided to employees on or after January 1, 2022 for the COVID-19 related reasons, as specified earlier in the analysis, towards the number of hours required under COVID-19 supplemental paid sick leave. In addition, the bill authorizes the employer to also include leave provided to any federal or local law for the same purposes of COVID-19 that became effective on or after January 1, 2022.
- 19) Requires the Labor Commissioner to enforce the COVID-19 supplemental paid sick leave as “paid sick days”, “paid sick leave” or “sick leave” under existing law, as specified.
- 20) Requires the Labor Commissioner by seven days after this bill is effective to make publicly available a model notice for employers to display a poster regarding COVID-19 supplemental paid sick leave. A hiring entity may satisfy this requirement for workers who do not frequent a workplace by disseminating notice through electronic means, such as by electronic mail.
- 21) Specifies that the COVID-19 supplemental paid sick leave will take effect 10 days after enactment, and shall retroactively apply to January 1, 2022.
- 22) Requires the employer to provide retroactive payment to an employee that took unpaid leave for COVID-19-related reasons, as specified earlier in the analysis, upon request of the employee. This retroactive payment is in addition to the COVID-19 food sector supplemental paid sick leave or the COVID-19 paid sick leave as provided under existing law.

Adds that the employer may require covered employee to provide documentation of positive test during the retroactive time when employee seeking retroactive pay.

- 23) Adds that a covered employee can request credit for sick leave taken prior to legislation within the retroactive period, if COVID-19 related, as allowable above.

24) Specifies that the COVID-19 supplemental paid sick leave shall remain in effect through September 30, 2022, and specifies that covered employees taking COVID-19 supplemental paid sick leave at the time of expiration may take up to the full amount of COVID-19 supplemental paid sick leave provided in this section.

In-Home Supportive Services and Waiver Personal Care Services Providers (provider(s)) Section

25) Provides COVID-19 supplemental paid sick leave for in home supportive services providers for COVID-19 related purposes as specified earlier the analysis.

26) Provides up to one week or 40 hours of COVID-19 supplemental paid sick leave for providers, as specified, and authorizes the provider to determine how many hours to use.

27) Entitles a provider, in addition to the COVID-19 supplemental paid sick leave described above, to take up to 40 more hours of COVID-19 supplemental paid sick leave if the provider, or a family member for whom the provider is providing care, tests positive for COVID-19. This subsection does not include provisions stating that an employer may require a covered provider to provide documentation of a positive test for claiming of COVID-19 Supplemental Paid Sick Leave during the retroactive time.

28) Adds that for each vaccination or vaccine booster, an employer may limit the total COVID-19 supplemental paid sick leave for symptoms to 3 days or 24 hours unless the provider provides verification from a health care provider that the provider or their family member is continuing to experience symptoms related to a COVID-19 vaccine or a vaccine booster.

29) Specifies that the COVID-19 supplemental paid sick leave is in addition to any paid sick leave that is available under existing law.

30) Authorizes the provider to determine the number of hours to use, up to the total amount of hours provided in this section. The bill specifies the supplemental sick leave is available for immediate use. The provider shall inform the recipient of the need to take sick leave and submit a sick leave claim to the county consistent with the procedures established by the county.

31) Specifies that each hour of COVID-19 supplemental paid sick leave shall be compensated at the regular rate of pay which the provider is entitled to pursuant to existing law or collective bargaining agreement.

32) Specifies that the provider shall not be required to use other leave before COVID-19 supplemental paid sick leave or in lieu of such leave.

33) Specifies that if a provider takes paid leave on or after January 1, 2022 for COVID-19 related reasons, as specified earlier in the analysis, and is compensated equal to or greater than the hours of the other paid leave, such as

those provided by any federal or local law, may be counted towards the total number of hours required for COVID-19 supplemental paid sick leave.

34) Specifies that the COVID-19 supplemental paid sick leave will take effect 10 days after enactment, and shall retroactively apply to January 1, 2022.

35) Requires retroactive payment for COVID-19 supplemental paid sick leave.

36) Specifies that the COVID-19 supplemental paid sick leave for providers shall remain in effect through September 30, 2022. The bill authorizes a provider taking COVID-19 supplemental paid sick leave at the time of expiration to take the full amount of leave that the provider is entitled to.

37) Includes a severability clause for this section of the bill.

38) Authorizes the Department of Social Services and the State Department of Health Care Services to implement and interpret the provisions of this bill through county letters or similar instructions, without taking regulatory action.

Fiscal Effect: This bill provides \$100,000 from the General Fund to the Labor Commissioner's Office for staffing resources to implement and enforce the provisions of the COVID-19 supplemental paid sick leave.

Support: None on File.

Opposed: None on File.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 87 **Hearing Date:** February 3, 2022
Author: Committee on Budget
Version: February 2, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Economic Relief: COVID-19 Pandemic

Summary: This is an economic relief trailer bill. It contains various statutory changes necessary to implement the Budget Act of 2021.

Proposed Law: This bill makes the following changes related to taxes and economic development:

- 1) Creates the California Emergency Relief Fund (Fund) in the state treasury, transfers \$150 million in General Fund into the Fund and appropriates \$150 million from the Fund for the California Small Business COVID-19 Relief Grant Program to fund remaining eligible waitlisted grant applicants.
- 2) Specifies that any assistance or relief authorized by, and provided to cover customer arrearages for water, wastewater, gas, and electric utility payments related to the COVID-19 pandemic under the California Arrearage Payment Program and California Water and Wastewater Arrearage Payment Program is not considered as income or resources that would impact the ability of an individual to be eligible for benefits or assistance from any other state or local program.
- 3) Excludes from gross income any bill credits received by a customer for water, wastewater, gas, and electric utility payments related to the COVID-19 pandemic under the California Arrearage Payment Program and California Water and Wastewater Arrearage Payment Program.
- 4) Ends, one year early, temporary limits on the ability of businesses to use net operating loss deductions and tax credits to reduce their tax payments, removing these limits for 2022. Chapter 8 of 2020 (AB 85, Committee on Budget) suspended the use of net operating loss deductions for taxpayers with income of more than \$1 million and limited the amount of most business tax credits any taxpayer could claim to \$5 million business credits for 2020, 2021, and 2022 to temporarily increase tax revenue. The bill also makes clarifying changes to the \$5 million limit on tax credits that apply in the 2021 tax year.

- 5) Conforms state tax law to federal tax law for Restaurant Revitalization Fund (RRF) and federal Shuttered Venue Operators (SVOG) grants. The RRF program made grants to eligible restaurants, caterers, and bars that experienced a decline in revenue during the pandemic. The SVOG program made grants to eligible theatres, performing arts organizations, and many other cultural institutions. Federal tax laws were changed to specifically exclude these pandemic-related financial assistance programs from taxable income, with the exception of taxpayers that are publicly traded companies or did not have at least a 25 percent reduction in gross receipts.
- 6) Makes a variety of changes related to the Elective Pass-Through Entity Tax and Tax Credit program. The Pass-Through Entity Tax and tax Credit program was created in the 2021 Budget Act to help certain business owners in California fully deduct, on their federal tax returns, the California taxes they pay on pass-through business income, by allowing certain Pass-Through entities to pay tax on behalf of their owners. These amendments would apply to 2021 tax liabilities before the March 15, 2022 tax filing and payment deadline for pass-through business entities. The specific changes in this bill include:
 - a. Allows the Pass-Through Entity Tax Credit, passed to owners of Pass-Through entities that elected to pay the tax, to reduce the tentative minimum tax (TMT) below regular tax, effective for the 2021 taxable year, and makes additional changes relating to the ordering of credits against TMT starting for the 2022 tax year.
 - b. Allows disregarded limited liability companies owned by individuals to claim the credit.
 - c. Allows guaranteed payments to qualify for the credit.
 - d. Allows pass-through entities that have partnerships as one of their owners to participate in the credit.

Fiscal Effect:

- 7) This bill appropriates \$150 million from the California Emergency Relief Fund for the California Small Business COVID-19 Relief Grant Program.
- 8) The provisions of this bill due to changes to tax programs would result in the following estimated impacts:
 - a. Ending NOL and business tax credit limitations for 2022 is estimated to reduce General Fund revenues by \$5.5 billion in 2022-23, with corporate tax revenues decreasing by \$5.2 billion and personal income tax revenues decreasing by \$300 million.

- b. Conformity to federal law for the RRF and SVOG are estimated to reduce revenues by \$130 million in 2021-22 and \$144 million in 2022-23 and will result in nearly \$500 million total revenue loss over several years.
- c. Changes to the Pass-Through Entity Tax Credit will create small revenue gains over several fiscal years.

Support: None on File

Opposed: None on File

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 139 **Hearing Date:** February 3, 2022
Author: Committee on Budget
Version: February 2, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Renita Polk

Subject: Human Services

Summary: This bill fixes a chaptering out issue made by the human services trailer bill associated with the 2021 Budget Act and, for a limited time, makes changes to how federal Office of Refugee Resettlement (ORR) funds can be used.

Background: AB 172 (Committee on Budget), Chapter 696, Statutes of 2021, chaptered out changes made to Section 361.2 of Welfare and Institutions Code by SB 354 (Skinner), Chapter 687, Statutes of 2021. This bill adds those chaptered out changes back into statute.

Proposed Law:

- 1) Authorizes a social worker to place a child in the home of a relative when the juvenile court has authorized placement, regardless of the status of any criminal record exemption or resource family approval, if the court has found that the placement does not pose a risk to the child.
- 2) Authorizes the Department of Social Services to use federal funds administered by the ORR to award contracts and grants for refugee resettlement efforts to for-profit organizations, until December 31, 2022.
- 3) Requires the department to prioritize funding for qualified nonprofit organizations and counties over funding for for-profit organizations.
- 4) Requires the department to track and document funding provided to each service provider and the uses of the funding. Reporting shall occur on August 1, 2022, and February 1, 2023.

Fiscal Effect: The bill appropriates \$27.5 million to the Department of Social Services to cover administrative costs associated with providing reimbursement rate supplements for childcare providers.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 142 **Hearing Date:** February 3, 2022
Author: Committee on Budget
Version: February 1, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Hans Hemann

Subject: State employment: State Bargaining Units: memoranda of understanding: addenda

Summary: Makes necessary statutory changes to ratify and implement memoranda of understanding (MOUs) addenda between six bargaining units (BUs) and the state. The agreements cover state employees represented by six exclusive employee representatives, as follows:

California Attorneys, Administrative Law Judges and Hearing Officers in State Employment (CASE)

- Bargaining Unit 2: Attorneys, Administrative Law Judges, and Hearing Officers

California State Law Enforcement Association (CSLEA)

- Bargaining Unit 7: Protective Services and Public Safety

Professional Engineers of California Government (PECG)

- Bargaining Unit 9: Professional Engineers

California Association of Professional Scientists (CAPS)

- Bargaining Unit 10: Professional Scientists

International Union of Operating Engineers (IUOE)

- Bargaining Unit 12: Craft and Maintenance

International Union of Operating Engineers (IUOE)

- Bargaining Unit 13: Stationary Engineers

Existing Law:

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.

- 3) Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analysis of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more, depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 80 or 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Depending on the bargaining unit, dependents are eligible for a contribution based on 80 or 90 percent of the average additional premiums paid for dependents during the benefit year in which the formula is applied. These are referred to as the 80/80 and 100/90 formulas.
- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 8) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

Proposed Law: This bill ratifies the MOU addenda entered into between the state and bargaining units 2, 7, 9, 10, 12, and 13 notwithstanding the requirement for the LAO to produce a fiscal analysis, as follows:

- 1) Approves provisions requiring the expenditure of funds for the addenda entered into by the state and BUs 2, 7, 9, 10, 12, and 13.
- 2) Authorizes the state or any of the bargaining units to reopen negotiations if funds for those provisions are not specifically appropriated by the Legislature. The bill provides that the provisions of the addendum that require expenditure of funds become effective even if those provisions are approved by the Legislature in legislation other than the annual Budget Act.
- 3) Provides employees who are designated as remote-centered with a \$50 per month stipend to help cover expenses related to telework.
- 4) Provides employees who are designated as office-centered with a \$25 per month stipend to help cover expenses related to telework.
- 5) Provides that the stipends are retroactive to October 1, 2021.
- 6) Appropriates \$27,005,000 (\$8,009,000 General Fund) for expenditure in the 2021–22 fiscal year for the purpose of state employee compensation as provided.
- 7) Includes provisions to take effect immediately.

Fiscal Effect: This bill appropriates \$27,005,000 (\$8,009,000 General Fund) to implement the MOU addenda.

Support: None on file.

Opposed: None on file.

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