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## CALIFORNIA STATE SENATE

### COMMITTEE ON BUDGET AND FISCAL REVIEW

STATE CAPITOL – ROOM 5019  
SACRAMENTO, CA 95814



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## Agenda

**June 25, 2018**

**9:30 a.m. – State Capitol Room 112**

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
A.B. 1815	Committee on Budget	Medi-Cal
A.B. 1822	Committee on Budget	Budget Act of 2018
A.B. 1823	Committee on Budget	In-Home Supportive Services and Public Employment
A.B. 1827	Committee on Budget	No Place Like Home

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1815 **Hearing Date:** June 25, 2018  
**Author:** Committee on Budget  
**Version:** June 21, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Scott Ogus

**Subject:** Medi-Cal

**Summary:** This bill is an omnibus health trailer bill, and contains changes to implement the 2018-19 Budget.

**Proposed Law:** This bill makes technical and clarifying statutory revisions affecting health programs necessary to implement the Budget Act of 2018. Specifically, this bill:

- 1) **Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act.** Establishes a program, funded with Proposition 56 tobacco tax revenue, to provide loan assistance payments to qualifying, recent graduate physicians and dentists that serve Medi-Cal beneficiaries. The eligibility criteria for physician and dentist participation in the program shall be developed by the Department of Health Care Services to prioritize ensuring timely access, limiting geographic shortages of services, and ensuring quality care in the Medi-Cal program.
- 2) **Hospital Quality Assurance Fee Implementation Costs.** Authorizes allocation of up to \$500,000 of hospital quality assurance fee revenue for implementation costs for a new directed payment program for qualifying hospitals. The directed payment program is necessary to comply with recent federal regulations governing pass-through payments to providers.
- 3) **Medical-Dental Integration Pilot in San Mateo County.** Authorizes, beginning no sooner than July 2019, a medical-dental integration pilot program for Medi-Cal beneficiaries in San Mateo County as part of the Medi-Cal 2020 demonstration project. The pilot would test the impact to oral care access, quality, and utilization, as well as medical cost impacts by the delivery of covered dental care services as a Medi-Cal managed care benefit.

**Fiscal Effect:** This bill authorizes allocation of up to \$500,000 of hospital quality assurance fee revenue for implementation costs for a new directed payment program for qualifying hospitals.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1822 **Hearing Date:** June 25, 2018  
**Author:** Committee on Budget  
**Version:** June 21, 2018 Amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Anita Lee/ Scott Ogus/ Theresa Peña/ Joanne Roy

**Subject:** Budget Act of 2018

**Summary:** This bill makes changes and corrections to the Budget Act of 2018. Most significantly, this bill includes provisions and appropriates funding from the Greenhouse Gas Reduction Fund and from Proposition 56 revenue.

**Proposed Law:** Specifically, this bill:

- 1) Appropriates funding from the Greenhouse Gas Reduction Fund (GGRF):
  - a) \$20 million to the California Natural Resources Agency (CNRA) for urban greening programs.
  - b) \$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.
  - c) \$21.165 million to the Governor's Office of Planning and Research, as follows:
    - i) \$1.165 million for the Affordable Housing and Sustainable Communities Program;
    - ii) \$18 million for research on reducing carbon emissions; and,
    - iii) \$2 million for technical assistance to disadvantaged communities.
  - d) \$40 million to the Strategic Growth Council for the Transformative Climate Communities Program.
  - e) \$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.
  - f) \$8.513 million to the California Conservation Corps for the training and work program.
  - g) \$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.

- h) \$68 million to the CEC for energy efficiency food processor projects and renewable energy projects in the agricultural sector.
- i) \$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.
- j) \$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.
- k) \$5 million to the Department of Fish and Wildlife for wetland restoration projects.
- l) \$1.5 million to the California Coastal Commission for the Coastal Management Program.
- m) \$3 million to the State Coastal Conservancy for the Climate Ready Program.
- n) \$500,000 to the San Francisco Bay Conservation and Development Commission for Bay conservation and development local assistance.
- o) \$645 million to the Air Resources Board (ARB) as follows:
  - i) \$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;
  - ii) \$125 million for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project;
  - iii) \$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;
  - iv) \$55 million for the Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project;
  - v) \$3 million for the Woodsmoke Reduction Program;
  - vi) \$245 million for financial incentives to reduce mobile and stationary sources of criteria air pollutants or toxic air contaminants in disadvantaged communities;
  - vii) \$20 million for local air districts' implementation of AB 617 (C. Garcia), Chapter 136, Statutes of 2017; and,

- viii) \$10 million for technical assistance grants to community based organizations in disadvantaged communities.
  - p) \$200 million to the ARB for the Clean Vehicle Rebate Project.
  - q) \$25 million to the Department of Resources Recycling and Recovery for Waste Diversion and Greenhouse Gas Reduction Financial Assistance programs.
  - r) \$500,000 to the Department of Community Services and Development for energy programs administrative costs.
  - s) \$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.
  - t) \$104 million to the Department of Food and Agriculture, as follows:
    - i) \$99 million for dairy digester research and development, and alternative manure management; and,
    - ii) \$5 million for the Healthy Soils Program.
- 2) Appropriates funding from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) to the Wildlife Conservation Board, as follows:
- a) \$10 million for wildlife corridor infrastructure projects;
  - b) \$10 million for wildlife conservation projects pursuant to the Wildlife Conservation Law of 1947; and,
  - c) \$10 million for the upper watershed lands in the Sierra Nevada and Cascade Mountains.
  - d) \$150,000 for a grant to Trinity County for watershed protection.
  - e) \$150,000 for a grant to the City of Los Angeles for Los Angeles River greenways restoration in Studio City.
  - f) \$3 million to the Department of Water Resources (DWR) for the San Joaquin Flood Control Agency Smith Canal Gate.
  - g) \$22 million to the DWR for the Southport Setback Levee.
- 3) Appropriates \$30 million from the Air Pollution Control Fund to the ARB for local air districts' implementation of AB 617 (C. Garcia), Chapter 136, Statutes of 2017.
- 4) Appropriates \$20 million from the California Tire Recycling Management Fund to ARB for local assistance to reduce agricultural sector emissions for agricultural

harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other diesel equipment used in agricultural operations.

- 5) Appropriates \$134.5 million from the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) to be spent consistent with current program requirements.
- 6) Appropriates \$426.6 million in additional federal fund authority to reflect the availability of additional federal transportation funds, including \$241.6 million in emergency federal funds for disaster response.
- 7) Appropriates \$1 billion of Proposition 56 tobacco tax revenue and \$1.3 billion in federal funds for supplemental payments, rate increases, and loan assistance for the provision of Medi-Cal services. Specifically, the bill:
  - a) Allocates up to \$500 million for supplemental payments for physician services.
  - b) Allocates up to \$210 million for supplemental payments for dental services.
  - c) Expands existing supplemental payments for Intermediate Care Facilities-Developmental Disabilities to facilities providing continuous skilled nursing care.
  - d) Provides one-time supplemental payments for free-standing pediatric sub-acute facilities.
  - e) Increases reimbursement rates for home health providers and pediatric day health care facilities in the Medi-Cal fee-for-service delivery system.
  - f) Requires the Department of Health Care Services (DHCS) to develop the structure and parameters for supplemental provider payments and rate increases to be made in a manner similar to the structure included in the 2018 Budget Act, and post the proposed payment structure on its website by September 30, 2018.
  - g) Authorizes the 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.
  - h) Allocates one-time funding up to \$6 million for qualifying Program of All-Inclusive Care for the Elderly organizations and up to \$2 million for qualifying Community-Based Adult Services programs.
- 8) Appropriates \$220 million of Proposition 56 tobacco tax revenue to the Proposition 56 Medi-Cal Physicians and Dentists Loan Repayment Act to provide loan assistance payments to qualifying, recent graduate physicians and dentists who serve Medi-Cal beneficiaries. Specifically, the bill:
  - a) Allocates \$190 million for loan assistance payments to recent graduate physicians.
  - b) Allocates \$30 million for loan assistance payments to recent graduate dentists.

- c) Authorizes funding for loan assistance payments, contingent on federal financial participation, for expenditure and encumbrance until June 30, 2025.
- 9) Provides \$30 million General Fund in early reversion dollars to the Department of Social Services, appropriated for CalFresh Administration in 2016-17, to be used for county administration and automation costs in 2018-19 related to the elimination of the SSI Cash-Out policy.
- 10) Extends the encumbrance period for dollars in the CalFresh Fruit and Vegetable EBT Pilot to June 30, 2021, and allows for the transfer of funds between local assistance and state operations.
- 11) Extends the encumbrance period of California State University enrollment funds for an additional two years to June 30, 2022.
- 12) Adjusts the California Student Aid Commission appropriation for Cal Grants for students attending private for-profit Western Association of Schools and Colleges accredited institutions to reflect a change in Cal Grants for the students from \$9,084 to \$8,056.
- 13) Specifies \$2 million General Fund from the California Workforce Development Board is for the Los Angeles Cleantech Incubator Program.
- 14) Makes various other minor technical changes and corrections related to the Budget Act of 2018.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1823 **Hearing Date:** June 25, 2018  
**Author:** Committee on Budget  
**Version:** June 21, 2018 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Anita Lee

**Subject:** In-home supportive services: provider orientation

**Summary:** This bill enacts various statutory changes necessary to implement labor and public employment provisions for the Budget Act of 2018.

**Proposed Law:**

- 1) Requires that a request to meet and confer between an in-home supportive services (IHSS) employee organization and the county or public authority or nonprofit consortium in Los Angeles, Merced, and Orange counties shall reopen an existing memorandum of understanding for the sole purpose of negotiating an agreement on access to provider orientation.
- 2) Sunsets this provision on July 1, 2021, and repeals this provision on January 1, 2022.

**Fiscal Effect:** This bill appropriates \$10,000 General Fund to the Department of Social Services to implement provisions of the bill.

**Support:** None on file.

**Opposed:** None on file.

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## SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair  
2017 - 2018 Regular

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**Bill No:** AB 1827 **Hearing Date:** June 25, 2018  
**Author:** Committee on Budget  
**Version:** June 20, 2018 Amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** James Hacker

**Subject:** No Place Like Home Act of 2018

**Summary:** This bill establishes the No Place Like Home (NPLH) Act of 2018, which amends provisions previously enacted as part of the NPLH program. Amends the Mental Health Services Act to, among other things, permit the Legislature to appropriate funds from the Mental Health Services Fund, as specified, and provides an opportunity for voter approval in the November 6, 2018, statewide general election.

**Background:** In 2004, California voters approved and established the Mental Health Services Act (MHSA), which imposes a one percent income tax on individual who earn more than \$1 million annually, and deposits the specified revenue in the Mental Health Services Fund.

Assembly Bill 1618 (Committee on Budget), Chapter 43, Statutes of 2016 created the No Place Like Home Program (NPLH). AB 1618 requires the Department of Housing and Community Development (HCD) to award \$2 billion to counties for permanent supportive housing for the homeless, establishes the framework for financing the NPLH program through the counties, requires counties to annually report to HCD on program status, addresses the process for validation of the financing, and addresses other matters regarding the NPLH program. Assembly Bill 1628 (Committee on Budget), Chapter 322, Statutes of 2016, authorized the issuance of bonds by the California Health Facilities Financing Authority (CHFFA) for purposes of financing a grant program for counties to develop and administer permanent supportive housing for individuals who are homeless, chronically homeless, and at risk of chronic homelessness **that was** enacted by AB 1618. That measure established a framework for the provision of housing through authorized service contract, addressed loans to be made by CHFFA for supportive housing, specified the use for funds for projects across the state, and provided administrative structure for the program.

**Proposed Law:** This bill provides the following:

- 1) **November 6, 2018 Statewide General Election.** This bill establishes the NPLH Act of 2018, which is to be submitted to voters in the November 6, 2018 election as a single measure, and provides for the Act to become operative upon adoption by voters. It provides for voter ratification and approval of AB 1618, AB 1628, technical amendments made by Assembly Bill 1516 (Cunningham), Chapter 561, Statutes of 2017, and other amendments made by this bill.

- 2) **Voter pamphlets.** The bill requires the Secretary of State to include in mailed ballot pamphlets information regarding the No Place Like Home Act of 2018. If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet.
- 3) **Supportive Housing Program Subaccount.** Under provisions of this bill, the Controller must, before any transfer or expenditure from the fund for any other purpose for the month following any transfer from the fund, transfer moneys appropriated from the Mental Health Service Fund to the subaccount in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature. If in any month the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount, are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.
- 4) **Amendments.** This bill would allow the Legislature to amend the No Place Like Home Act of 2018 by a two-thirds vote, so long as such amendments are consistent with and further the intent of the act. This aligns the No Place Like Home Act with the Mental Health Services Act of 2004, which also requires a two-thirds vote to amend.

**Fiscal Effect:** The bill provides for the following appropriations:

- 1) This bill specifies details regarding allowable transfers from the Mental Health Services Fund to the Supportive Housing Program Subaccount, up to an amount of \$140 million per year prior to the issuance of revenue bonds. Any amount appropriated for transfer and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount.
- 2) This bill provides that all moneys in the subaccount that were transferred as specified are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund.
- 3) This bill provides for the issuance by the California Health Facilities Financing Authority of bonds in an amount not to exceed \$2 billion for the purposes of financing permanent supportive housing pursuant to the No Place Like Home Program. In addition, the fiscal estimate assumes a 30-year debt service at a rate of 4.2 percent for approximately \$120 million annually.
- 4) This bill would result in one-time General Fund costs to the Secretary of State (SOS) in the range of \$438,000 to \$584,000, likely in 2018-19, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

**Support:** None on file.

**Opposed:** None on file.

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