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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

August 11, 2016

Upon adjournment of Session - Room 112

BILL

AUTHOR

SUBJECT

A.B. 1612	Committee on Budget	Public Resources: Energy
A.B. 1623	Committee on Budget	Budget Act of 2016
A.B. 1624	Committee on Budget	Education
A.B. 1625	Committee on Budget	Human Services
A.B. 1626	Committee on Budget	State Government
A.B. 1628	Committee on Budget	No Place Like Home

SENATE COMMITTEE ON SENATE BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 1612	Hearing Date:	August 11, 2016
Author:	Committee on Budget		
Version:	June 27, 2016 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Catherine Freeman		

Subject: Public resources: energy

Summary: This bill makes various changes to implement the resources and energy budget actions adopted as part of the 2016-17 Budget package.

Proposed Law: This bill includes the following key changes.

Oil Definition. Defines “oil,” as currently specified for under the Elder California Pipeline Safety Act of 1981, to mean petroleum, petroleum products, anhydrous ammonia, and ethanol.

Pipeline Reporting. Requires the State Fire Marshall to provide to the Legislature an annual report containing specified information regarding the inspection of intrastate pipelines that transport hazardous materials.

Fund Transfer Repeal. Repeals the requirement that \$1 million be transferred annually from the Public Interest Research, Development, and Demonstration Fund to the Alternative and Renewable Fuel and Vehicle Technology Fund.

Oil, Gas, and Geothermal Administrative Fund (OGGAF) Uses. Authorizes the use of OGGAF for the State Air Resources Control Board and Office of Environmental Health Hazard Assessment for their activities related to oil and gas operations that may affect air quality, public health and public safety.

California Public Utilities Commission (CPUC) Reporting. Requires the CPUC to report to the Legislature on options to locate operations and staff outside the commission’s San Francisco headquarters.

Green Tariff Sunset. Repeals the sunset that would have ended the requirement that investor-owned utilities offer the Green Tariff Shared Renewable Program to customers. The program will now end when the 600 megawatt cap of the program is reached.

Biomethane Injection Study. Requests a study from the California Council on Science and Technology on technical aspects of biomethane related to its delivery in common carrier pipelines and impacts on end uses of biomethane.

Search Warrants for Smart Readers. Clarifies that a search warrant is not necessary for the collection of data related to smart meters.

New Solar Homes Partnership Program. Requires that, should the California Public Utilities Commission order a continuation of the New Solar Homes Partnership Program and determines that the California Energy Commission be the third party administrator, funds should be made available for this purpose.

Bioenergy Project Interconnections (BioMAT). Expedites transmission interconnections for specified bioenergy or biomass projects in order to give them first priority to commence operations over other renewable energy resources.

Self-Generation Incentive Program (SGIP). Doubles, from \$80 million to \$160 million annually, the amount of ratepayer subsidy paid to customers who install certain energy storage systems. These subsidies are intended to increase investments in energy storage and to provide both customers and energy storage manufacturers with incentives to purchase and install the systems.

Net Energy Metering For Fuel Cells (NEM FC). Extends the sunset from January 1, 2017 to January 1, 2022, for the NEM FC program; increases the overall megawatt cap on the program; and increases the amount of megawatts eligible for ratepayer subsidy.

Energy Service Companies (ESCOs). Authorizes the Department of General Services or any other state agency to enter into sole source, no bid contracts for up to 35 years with qualified energy service companies to install energy retrofit projects at state buildings provided the agency has a project labor agreement and meets other conditions.

Fiscal Effect: Provides for an appropriation of \$275,000 to the California Energy Commission for appliance efficiency standards compliance assistance and enforcement.

Support: None received.

Opposed: None received.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No: AB 1623 **Hearing Date:** August 11, 2016
Author: Committee on Budget
Version: August 10, 2016 As amended
Urgency: No **Fiscal:** Yes
Consultant: Samantha Lui

Subject: Budget Act of 2016

Summary: The Legislature passed the 2016 Budget Act on June 15, 2016. This bill provides specified adjustments and clarifications to various budget items, budget bill language, and additional appropriations.

Background and Proposed Law: The bill makes the following changes to implement the 2016 budget.

1. Provides a technical adjustment to the California Science Center budget to reflect a decreased lease revenue amount that was approved but not correctly reflected in the original budget bill.
2. Adjusts federal fund transfer and expenditure authority to allow the California Energy Commission to expend \$5.3 million that was awarded under the American Reinvestment and Recovery Act, but unable to be expended, for existing program purposes.
3. Provides technical adjustments to the Department of Water Resources to reflect an approved decrease in authority bond expenditures and provides the conference version of provisional language for Atmospheric Rivers that was inadvertently left out of the original budget bill.
4. Increases budget authority by \$1.65 million for purposes of assuring continuing project activities for the Ventura Area Office Replacement Project of the California Highway Patrol (CHP).
5. Deletes language that allows the Department of Rehabilitation to allocate funds to Independent Living Centers that receive less state-based funding than other centers.
6. Makes various adjustments related to the Continuum of Care Reform, including language that:
 - a. Allows funding budgeted in local assistance for Resource Family Approval (RFA) to be transferred to state operations so the Department of Social Services can perform the RFA function on behalf of counties.

- b. Allows reimbursements to foster family agencies, group homes and short-term residential treatment providers, and counties for accreditation fees paid to comply with licensure requirements to be made after August 1, 2016.
 - c. Provides one-time reimbursements to tribal agencies that do not have federal Title IV-E agreements with the state for the purchase of electronic fingerprinting equipment.
7. Increases authority for the Department of Social Services for the purpose of funding activities related to new requirements regarding child near fatalities.
 8. Eliminates the Architectural Revolving Fund control section, as the deficit has been largely eliminated and the assessment is no longer needed.
 9. Requires courts to use in-person interpreters whenever possible. This language was inadvertently omitted from the Budget Act.
 10. Establishes a budget control section that allows Department of Finance to adjust department budgets to account for funds formerly designated to reimburse the State Controller for expenses related to California Automated Travel Expense Reimbursement System (CalATERS).
 11. Specifies that the requirement for the University of California Board of Regents to develop a nonresident student enrollment policy is related to undergraduates.
 12. Makes other technical funding adjustments and clarifications of budget bill language to implement the Budget Act of 2016.

Fiscal Effect: This bill results in budgeted General Fund expenditures of \$22.7 million.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 1624	Hearing Date:	August 11, 2016
Author:	Committee on Budget		
Version:	August 9, 2016 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Elisa Wynne		

Subject: Education

Summary: This bill provides statutory changes and clean-up necessary to enact education-related provisions of the Budget Act of 2016.

Background and Proposed Law: AB 1624 makes statutory changes necessary to implement the Budget Act of 2016. These changes provide clarification and technical corrections to trailer bills enacted in June 2016.

K-12 Education:

1. Requires the Commission on Teacher Credentialing, when adopting criteria for grant applications to the California Classified School Employee Teacher Credentialing Program, to include a requirement that applicants specify their plans to meet the demand for bilingual cross-cultural teachers in addition the existing requirement for the applicant to address teacher shortage areas. The California Classified School Employee Teacher Credentialing Program will provide grants to local educational agencies to support classified staff in pursuing a teaching credential.
2. Provides \$300,000, of the total appropriation of \$18 million one-time Proposition 98 General Fund provided as part of the 2016 budget, pursuant to Senate Bill 828 (Committee on Budget), Chapter 29, Statutes of 2016, may be used for a local educational agency to conduct regional meetings, training, and support for grantees who receive funds for dropout and truancy prevention programs pursuant to pending legislation, AB 1014 (Thurmond), currently in Senate Appropriations and SB 527 (Liu), currently in Assembly Appropriations. These funds shall be available for expenditure no sooner than 30 days after the expenditure plan is provided to the Joint Legislative Budget Committee.
3. Amends the date by which the California Collaborative for Educational Excellence (CCEE) must submit a plan for implementation of a pilot program from August to October 15, 2016, or within 10 days of the next regularly scheduled CCEE board meeting following the implementation of this statute. Requires the plan for the pilot program and for professional development and expenditure of funds pursuant to the plans to be subject to Department of Finance approval.

Higher Education:

4. Extends the sunset date and Legislative Analyst's Office (LAO) reporting date by one year on a program that allows the University of California and the California Community Colleges to use the best value procurement method when purchasing goods and materials. An LAO report analyzing the effectiveness of these programs will be due on February 1, 2018, instead of 2017, and the program will sunset on January 1, 2019, instead of 2018. This change is proposed to allow the LAO to address a requirement in the 2016 Budget Act requiring an extensive review of state financial aid programs this fall, before working on the review of the best value program.
5. Deletes redundant language included in AB 1602 (Committee on Budget) Chapter 24, Statutes of 2016, a higher education trailer bill, regarding reporting requirements for funding distributed to the California State Library. This is a technical change.

Other:

6. Authorizes the Governor's Office of Planning and Research to implement the California Initiative to Advance Precision Medicine without regulatory action.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2016 budget.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair
2015 - 2016 Regular

Bill No: AB 1625 **Hearing Date:** August 11, 2016
Author: Committee on Budget
Version: August 8, 2016 As amended
Urgency: No **Fiscal:** Yes
Consultant: Theresa Pena

Subject: Health and Human Services

Summary: This measure makes statutory changes necessary to enact the health and human services provisions of the Budget Act of 2016.

Proposed Law: This bill makes various changes to health and human services provisions of the Budget Act of 2016, including:

1. **Child Fatalities and Near Fatalities Reporting and Disclosure.** The federal Child Abuse Prevention and Treatment Act (CAPTA) requires that states receiving funds under CAPTA must disclose to the public findings and information about child abuse and neglect cases that result in fatalities or near fatalities. Senate Bill 39 (Migden), Chapter 468, Statutes of 2007, requires that once the cause of death from abuse or neglect has been substantiated, the child welfare agency must, within five days of a request, release specified records (age, gender, date of death of the child; whether an investigation is being conducted; whether the child was in foster care or in the home of his/her parent or guardian), subject to redaction of confidential information. Currently, California does not have a policy relating to the disclosure of information in near fatalities. If the state is unable to comply with new federal reporting requirements, California could lose up to a total of \$4.8 million in CAPTA funds.

For statute concerning child fatalities reporting, this bill would:

- a) Make technical, conforming changes to federal law, including adding a description of specified information that is not already publicly disclosed.

For statute concerning child near fatalities reporting, this bill would:

- a) Provide that all documents released under SB 39 will also be released in these situations, with the exception of health records.
- b) Include a written report and narrative to be provided by the county, including comments of the social worker involved in the case. This report will be reviewed by the state Department of Social Services.
- c) Add an additional layer of redaction, excluding any information not relevant to the near fatality, in addition to standard redaction of documents, such as any identifying personal information.

- d) Specify that information regarding the agency's handling of the case that indicates a pattern of events or has a bearing on the circumstances that led to the near fatality is considered relevant and should not be redacted.
 - e) Specify that any action of any individual responding to the case in their professional capacity is considered relevant and should not be redacted.
 - f) Allow for counsel for a child to petition the juvenile court to prevent the release of any documents, or for documents not specified for release under this statute to be disclosed upon an order of the juvenile court.
 - g) Provide that the Department of Social Services will annually issue a report identifying child near fatalities and any systematic issues or patterns.
 - h) Specify that the Department will consult with stakeholders in the creation of all-county letters or similar instructions no later than October 1, 2016.
2. **Independent Living Centers.** This bill appropriates seven hundred and five thousand dollars from the General Fund to the Department of Rehabilitation to be allocated to independent living centers that currently receive less state-based funding than other centers.
3. **Gross Premiums Tax Prepayment.** This bill provides for health insurers subject to the zero percent gross premiums tax rate, pursuant to SB 2 X2 (Hernandez), Chapter 2, Statutes of 2016, are not required to make prepayments between July 1, 2016, and on or before June 30, 2019.
4. **CalWORKs.** This bill makes technical changes related to CalWORKs, including:
- a) Deletion of an expired reporting requirement for the Expanded Subsidized Employment program.
 - b) A conforming change from calendar year to fiscal year in the Approved Relative Caregiver Funding Option Program.

Fiscal Effect: This bill appropriates seven hundred and five thousand dollars from the General Fund to the Department of Rehabilitation.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 1626	Hearing Date:	August 11, 2016
Author:	Committee on Budget		
Version:	August 9, 2016 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Samantha Lui		

Subject: State Government

Summary: This bill provides statutory changes and clean-up necessary to enact state administration and general government related provisions of the Budget Act of 2016.

Background and Proposed Law:

1. Human Trafficking Victims Assistance. Senate Bill 84 (Budget and Fiscal Review Committee), Chapter 25, Statutes of 2015, establishes the Human Trafficking Victim Assistance Fund and requires the Office of Emergency Services (OES) to administer these funds in the form of grants. OES distributes grants to eligible non-profit organizations to serve victims of human trafficking and for reimbursement of administrative department costs. Existing law defines a "human trafficking caseworker" as an individual who provides advice or assistance to victims of human trafficking, and has received specialized training, as specified, in counseling.

This bill expands the definition of "human trafficking caseworker" to include an individual who is employed by a homeless service provider that services homeless children or youth, and has completed a minimum of eight hours of training focused on victims of human trafficking.

2. Napa County Jail. Senate Bill 844 (Budget and Fiscal Review Committee), Chapter 34, Statutes of 2016, authorizes the Board of State and Community Corrections (BSCC) to issue up to \$270 million in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, or construction of local facilities. Of the \$270 million, \$20 million must be awarded to Napa County, to as result of damages sustained during the 2014 earthquake.

This bill clarifies that Napa County will receive \$20 million in lease-revenue bond financing to make necessary repairs for the county jail, regardless of previous construction grant awards and without the need to submit a proposal to the BSCC.

3. Technical. Existing law authorizes the Victims Compensation Board to (1) impose a \$25 filing fee to the individual or company submitting each claim against the state, and to (2) charge state departments for all claims the Board approves, applying a charge of up to 15 percent of the dollar value on all approved claims. Senate Bill 836 (Budget and Fiscal Review Committee), Chapter 31, Statutes of 2016, renamed the Victims Compensation Government Claims Board (VCGCB) to the Victims

Compensation Board, and shifted the Government Claims Program to the Department of General Services.

This bill makes technical, conforming changes in the implementation of the general claims program shift from the Victim Compensation Board to the Department of General Services, and shifts the authority, from the Victims Compensation Board to the Department of General Services, to administer the filing fee and ability to charge a surcharge on an approved claim.

Fiscal Effect: This bill includes \$3 million from the Gambling Control Fund to the Department of Justice to address the backlog in investigations related to card room licensing.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Mark Leno, Chair

2015 - 2016 Regular

Bill No:	AB 1628	Hearing Date:	August 11, 2016
Author:	Committee on Budget		
Version:	August 9, 2016 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Mark Ibele		

Subject: No Place Like Home Program: financing

Summary: This bill provides the financing framework for the No Place Like Home (NPLH) program, and authorizes bond issuance, loan agreements, and service contracts related to the program. The measure also provides substantive and technical changes to existing statutes governing the program.

Background: AB 1618 (Committee on Budget), Chapter 43, Statutes of 2016 created the NPLH program. 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.

Proposed Law: This measure would facilitate and authorize the issuances of bonds by the California Health Facilities Financing Authority (CHFFA) for the purposes of establishing a grant program for counties to develop and administer permanent supported housing for homeless, chronically homeless and at risk of chronic homelessness. The measure establishes a framework for the provision of housing through authorized service contract, addresses loans to be made by CHFFA for supportive housing, specifies the use for funds for projects across the state, and provides administrative structure for the program. Specifically, this bill:

1. Authorizes, allows or directs CHFFA to:
 - a. Issue taxable or tax-exempt bonds in an amount not to exceed \$2 billion for the purpose of financing permanent supportive housing pursuant to the NPLH program.
 - b. Make secured or unsecured loans to HCD in connection with financing permanent supportive housing pursuant to the NPLH program.
 - c. Enter into one or more service contracts with HCD for the provision of permanent supportive housing pursuant to the NPLH program and allows CHFFA to pay HCD for these services.
 - i. Service agreements are exempt from the public contract code and subject to a 10 day review by Mental Health Services Oversight and Accountability

Commission (Commission), after which time they are deemed approved unless disapproved.

- d. Notify, twice annually, the State Controller of amounts it is required to pay to HCD for any service contract obligations.
2. Authorizes, allows and directs HCD to:
 - a. Enter into service contracts with CHFFA to provide permanent supportive housing services, pursuant to 'competitive' and 'distribution' programs, as described below.
 - b. Enter into loan agreements with CHFFA, with loan proceeds to be deposited into the No Place Like Home Fund, to be used for permanent supportive housing.
 - c. Use payments received pursuant to any service contracts to repay loans from CHFFA before any other allocation or distribution.
 - d. Assign payments received pursuant to the service contracts to CHFFA or the State Treasurer, and stipulates that HCD's obligation to repay the loans is limited to amounts received pursuant to its service contracts with HCD.
 3. Enumerates the Legislature's declarations that:
 - a. HCD is the state entity with sufficient expertise to implement and oversee the supportive housing program.
 - b. CHFFA is authorized to issue bonds and consult with the Mental Health Services Oversight and Accountability Commission and the Department of Health Care Services concerning the implementation of the supportive housing program.
 - c. It is appropriate for HCD to provide grants or loans to California counties to permanent supportive housing.
 - d. Bond funding will accelerate the availability of funding for the grant or loan program to provide permanent supportive housing compared to annual allocations from the Mental Health Services Fund.
 - e. Consideration paid with respect to the service contracts is fair and reasonable; the service contracts, payment on service contracts, loan agreements and loan repayments are not a debt or liability of the state; covenants to bond holders of any bonds issued that it will not change provisions of this and related statutes in a manner that would impair the interests of the bond holder.
 4. Provides for the payment into the NPLH Fund amounts of loans to HCD derived from bond proceeds to be used for implementing the program and allows for up to five percent of deposits to the NPLH Fund to be used for administrative expenses, and allows for HCD to adopt emergency regulations to expedite the award of moneys.

5. Provides that HCD shall award up to \$2 billion, based on the amount of principal amount of bonds sold, for permanent supportive housing not exceeding \$1.8 billion for a competitive program and not exceeding \$200 million for the non-competitive distribution (“over the counter”) programs as set forth in existing statute.
 - a. Specifies that for competitive program:
 - i. HCD is to Issue its first request for proposals under the competitive program no later than 180 days after a final judgment regarding the validity of the service contracts and the bonds.
 - ii. HCD is to monitor compliance by counties of any grant and loan agreements and enforce those agreements in order to provide for the provision of permanent supportive housing and provide technical assistance to participating counties or developers.
 - b. Specifies for the non-competitive distribution program:
 - i. HCD must provide the first allocation of moneys as soon as reasonably practical and no later than 150 days after a final judgment regarding the validity of the service contracts or the bonds.
 - ii. Counties receiving funds must commit to providing mental health supportive services, including substance abuse treatment services, for 20 years, as with the competitive program.
6. Allows for the loan of up to \$2 million from the General Fund to, among other activities indicated in existing statute, allow HCD, CHFFA and the State Treasurer to pay for financial advisory service and legal services in connection with any validation action, with such loans repayable after the deposit of loan proceeds resulting from the issuance of bonds.
7. Requires HCD to annually report to CHFFA regarding permanent supportive housing activities by the counties, process for distributing funds, counties funds received, and recommendations for modifications to the program.
8. Creates the Supportive Housing Program Subaccount in the Mental Health Services Fund, with moneys in the subaccount continuously appropriated to CHFFA to provide funds to meet its obligations under any service contracts with HCD. The State Controller shall transfer amounts to the subaccount based on a certification from CHFFA of amounts necessary to pay for the service contracts, not to exceed \$140 million annually, with subaccount moneys unavailable for loan to the General Fund.
9. Includes the Legislature’s declaration that the measure furthers the intent of the Mental Health Services Act and provides for an appropriation related to 2016 Budget Act.

Fiscal Effect: The measure would allow for bonds to be issued in an amount not to exceed \$2 billion, with debt service not to exceed \$140 million annually when all the

bonds have been issued. The measure would result in no new state costs, but shift the use of revenues directed to the Mental Health Services Fund.

Comments: This measure provides a financing mechanism for the NPLH program, approved by the Legislature and signed by the Governor in June of this year.

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