CALIFORNIA STATE SENATE

Committee on Budget and Fiscal Review

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Agenda

July 14, 2021

Upon Adjournment of Health Committee – Senate Chamber

	BILL	**AUTHOR**	**SUBJECT**
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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Senator Nancy Skinner, Chair
2021 - 2022 Regular

Bill No:	AB 164	**Hearing Date:**	July 14, 2021
Author:	Ting		
Version:	July 11, 2021 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), 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.

Proposed Law: Specifically, this bill:

1. Provides for the allocation of $4.4 billion out of a three year total of $6 billion in funding to increase broadband accessibility and affordability. This includes:

   a) $3.25 billion for the deployment of middle-mile infrastructure statewide.

   b) $1 billion in support for last-mile connections (out of a three year total of $2 billion).

   c) $50 million for loan-loss reserves for local governments to bond against for broadband deployment (out of a three year total of $750 million).

   d) Authority for this funding to support Caltrans in the construction of middle-mile infrastructure on state rights of way, and for technical assistance to local governments seeking to deploy and connect local broadband networks.

2. Appropriates $500,000 General Fund from existing funds to the California Arts Council to establish a nonprofit paymaster for nonprofit arts organizations, and adjusts the Small Nonprofit Performing Arts Grants Program administered by the Governor's Office of Business and Economic Development accordingly.

3. Removes $8 million that was provided in AB 129 for outreach to support IHSS recipients with Medi-Cal redetermination, contingent on automation of the IHSS disenrollment process. As automation will not occur, the funding is not necessary.

4. Makes a technical adjustment to the Department of Cannabis Control's state operations, reducing funding by $246,000 to reflect the accurate level of resources.

5. Appropriates an additional $11.4 million in General Fund for the California State Preschool Program to provide a cost of living adjustment in the 2021-22 fiscal year, and specifies that of the Proposition 98 General Fund provided for the California State Preschool Program, $57.6 million is for rate adjustments specified in the child care trailer bill.

6. Reappropriates federal funds appropriated to the Department of Housing and Community Services in the 2020 budget.

7. Reappropriates specific funding provided in 2018 and 2020 to the University of California.

8. Makes various technical and clarifying changes, including:

   a) Deletes duplicate provisional language for the Judicial Branch relating to the distribution of Equal Access funding.

   b) Updates provisional language for the Department of Housing and Community Development.

   c) Makes a clarifying technical change to provisional language for the State Lands Commission.

   d) Updates statutory references for revisions of Sacramento-San Joaquin Delta Conservancy funding.

   e) Corrects statutory references for the reappropriation of Greenhouse Gas Reduction Funds at the California Air Resources Board.

   f) Makes technical changes and corrections to Department of Public Health items.

   g) Corrects a typographical error in provisional language for the Mental Health Services Oversight and Accountability Commission.

   h) Clarifies provisional language pertaining to ethnic media outreach contained in the State Library budget item.

   i) Addresses chaptering issues related to change to the University of California, Scholarshare, and the Student Aid Commission.

   j) Corrects the budget item for the California Workforce Development Board to specify that the High Road Training partnership receives $100 million.

k) Makes technical changes to the funding for the Department of Industrial Relations budget.

l) Clarifies provisional language related to the K-16 Collaborative in the Department of General Services budget item.

Fiscal Effect: This bill has minor impacts on General Fund and special fund resources contained in the 2021 Budget Act.

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 131	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 Amended		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Elisa Wynne		

Subject: Child development programs

Summary: This bill provides for statutory changes necessary to enact the Child Care and Development statutory provisions of the Budget Act of 2021

Proposed Law: This bill, as part of the 2021-22 Budget package, makes statutory changes to implement the 2021-22 Budget Act. Specifically, this bill:

1) Transfers child care program and authority from the Education Code and the Department of Education to the Welfare and Institutions Code and the Department of Social Services including:
   - General Child Care and Development Program
   - Migrant Child Care and Development Program
   - California Alternative Payment Program
   - CalWORKs Stage 2 & 3 programs
   - Resource and Referral agencies
   - Local Child Care and Development Planning Councils
   - Head Start & Early Head Start
   - Trustline
   - The Child and Adult Care Food Program
   - Family Child Care Home Education Networks
   - Child Care and Development Services for Children with Special Needs
   - Child Care facility programs
   - Early Learning and Care Workforce Development program
   - Early Childhood Policy Council
   - Lead Agency for federal Child Care and Development Fund & quality improvement projects
   - California Child Care Initiative Project

2) Provides a statutory cost-of-living adjustment (COLA) of 4.05 percent for the Standard Reimbursement Rate reflecting the lost 2020-21 Budget Act COLA and a 2021-22 Budget Act COLA, beginning July 1, 2021.

3) Beginning January 1, 2022, increases all direct-contract childcare and preschool program rates, including for the school-based California State Preschool Program, to the 75th percentile of their county 2018 Regional Market Rate or the new Standard Reimbursement Rate as of December 31, 2021, whichever is highest. This policy replaces the Standard Reimbursement rate for contracts

with higher county-based Regional Market rates, in the 2018 survey, beginning January 1, 2022, and is consistent with the Child Care Providers United - California bargaining contract agreed to on June 25th, 2021. Allocates funding for these purposes.

4) Adopts the 75th percentile of the 2018 Regional Market Rate survey as the funding ceiling for the CalWORKs Stages child care programs, and the California Alternative Payment Program, and is consistent with the Child Care Providers United - California bargaining contract agreed to on June 25th, 2021. Allocates funding for these purposes.

5) Amends the Child Care and Development Infrastructure Block Grant Program to be administered by the Department of Social Services to provide one-time infrastructure grant funds to child care and preschool providers to build new facilities or retrofit, renovate, repair, or expand existing facilities. A total of $250 million in one-time funding is provided in the Budget Act of 2021 for this program.

6) Waives child care family fees for the 2021-22 Budget Year.

7) Establishes a Rate Reform workgroup, to be convened by the Department of Social Services, with diverse stakeholder representation, for recommendations on rate methodology & existing program standards, including licensing standards, quality and environmental standards, and workforce competencies, The workgroup's recommendations are due to the Legislature and Administration no later than August 15, 2022, and should inform the Joint Labor Management Committee recommendations on a single reimbursement rate system.

8) Ratifies the Child Care Providers United - California bargaining contracts agreed to on April 20th and June 25th, 2021 and codifies portions of the agreements, including allocating funding appropriated in the Budget Act of 2021 for:

   a. Rate increases,
   b. $500 per provider licensing incentives,
   c. Provider stipends,
   d. $289 million in one-time funds for provider supplemental payments, including required federal funding reporting, to be allocated during the 2021-22 and 2022-23 fiscal years.
   e. Paid non-operative days and pandemic flexibilities,
   f. A hold-harmless for child attendance in all early care and learning programs,
   g. Mental health supports,
   h. California Child Care Initiative Project expansion,
   i. Training Partnership Fund
   j. Process for a Joint Labor Management Committee to provide recommendations on a single reimbursement rate system (up to $20 million in one-time federal funds is made available for these purposes) including coordination with a larger working group convened by the Department of Social Services.

9) Clarifies that all unlicensed child care providers earn 70 percent of the regional market rate ceiling.

10) Specifies that an additional $188 million in one-time funding (of this, $57.7 million is Proposition 98 General Fund, $36.8 million is non-Proposition 98 General Fund and the remainder is federal funds) is provided for supplemental payments to providers, who prior to January 1, 2022 received the Standard Reimbursement Rate and are not covered by additional supplemental payments for these purposes included under the Child Care Providers United – California agreement from June 25, 2021, to be allocated between January 1, 2022 and December 31, 2023.

11) Provides $739 million in one-time federal funds for the Department of Education in the 2021-22 fiscal year to be transferred to the Department of Social Services for the expansion of access to child care slots. Of the total, $403 million is available for allocation in the 2021-22 fiscal year, and $336 million is available for allocation in the 2022-23 fiscal year.

12) Extends the Alameda County Child Care Pilot sunset date from 2022 to 2023.

13) Clarifies various Education Code sections to apply only to the California State Preschool Program, due to the child care agency transition.

14) Changes the definitions of child age eligibility for a "four year old" to maintain child care and preschool program eligibility for Transitional Kindergarten-eligible children.

15) Adds tribal representatives, licensing, Special Education Local Program Areas, county social services, local public health, regional centers, and Head Start/Early Head Start to the list of possible Quality Rating and Improvement System consortia local agencies.

16) Adopts various technical changes to the Education Code as part of the child care agency shift.

17) Allocates $10 million one-time funds to support the MyChildCarePlan.org website for resource and referral agencies.

Fiscal Effect: Funding related to the changes in this bill is contained in the 2021-22 Budget Act. In addition, this bill appropriates funding for child care and development programs, totaling approximately $775.8 million.

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 132	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 9, 2021 As amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Anita Lee		

Subject: Postsecondary education trailer bill

Summary: This bill makes necessary changes to implement the higher education provisions adopted as a part of the Budget Act of 2021.

Proposed Law: This bill makes various statutory changes to implement the higher education provisions of the 2021-22 budget. Specifically, this bill:

1) **Cradle to Career Data System.** Establishes the Cradle to Career Data System to link data on student progress through education, workforce training, employment, health and social services. Specifies that the data system shall support user-facing tools and services to students, educators, parents, and advisers. Specifies that the data system shall be subject to the Project Approval Lifecycle at the Department of Technology, and shall comply with state and federal privacy laws. The bill establishes the Office of Cradle-to-Career Data within Government Operations Agency until July 1, 2026. The bill also establishes a governing board comprised of 21 members, including representatives from higher education, various state departments, eight members of the public appointed by the Governor and Legislature, and two representatives of the Legislature.

2) **Free Application for Federal Student Aid Requirement.** Requires local education agencies, starting in the 2022-23 school year, to confirm that students complete and submit FAFSA and Dream Act applications. The bill also authorizes students or families to opt out of this requirement and requires local education agencies to direct families to support and services to comply with this requirement. The bill specifies that information shared by parents and students be handled in compliance of federal and state privacy laws.

3) **University of California (UC) Institutional Aid.** Extends by two years, until June 30, 2023, the ability for UC to provide scholarships from non-state funds to students.

4) **California Community College (CCC) Basic Needs Center and Coordinators.** Requires each community college by July 1, 2022 to: (1) establish a position of the Basic Needs Coordinator to be the point of contact for students experiencing basic needs insecurity, and (2) establish a basic needs center to provide basic needs services and resources to students. Each basic needs center must provide information on how to enroll in CalFresh and other government benefit programs, are encouraged to coordinate with their financial aid department, and coordinate with local homeless response systems. Requires the Chancellor's Office to submit an

annual report, starting on May 1, 2023, on information regarding use of funds provided in the budget act, description of services provided, demographic information on students served, and outcomes of these students, among others.

5) **Dual Admissions Pathways.** Establishes the Dual Admissions Pathway at UC and California State University (CSU) for first-time freshman applicants starting in the 2023-24 through the 2025-26 academic year. The dual admissions agreement guarantees that a student will: (1) be admitted to the campus of their choice if the student completes and associates degree or an established course of study for transfer within two academic years at a CCC, and (2) have access to library, counseling and other services from the UC or CSU campus nearest to their primary residence. The bill requires UC and CSU to report by April 1, 2026 on the program, including college participants, description of services and information on program applicants and student outcomes.

6) **Cal Grant Expansion.** Establishes the California Community College Expanded Entitlement Awards, which eliminates the age and time out of high school Cal Grant eligibility requirements for eligible CCC students. Specifies that CCC Expanded Entitlement Awards may retain their Cal Grant Award when they transfer to a UC or CSU. The bill adjusts the authorized number of competitive Cal Grants to conform to the CCC Expanded Entitlement Award. The bill also increases the statutory cap on the Cal Grant for Students with Dependents from $125 million to $250 million to maintain the maximum access award of $6,000 for student parents.

7) **Cal Grant Awards for Foster Youth.** Provides $6,000 in non-tuition support for Cal Grant students who are former foster youth.

8) **Private Nonprofit Cal Grant Awards.** Increases the private nonprofit Cal Grant tuition award from $9,084 to $9,220. The bill also delays by one-year, from 2022-23 to 2023-24, the requirement for private nonprofits associate degree to meet certain associate degree for transfer commitments.

9) **Golden State Teachers Grant Program.** Makes technical changes to the Golden State Teacher Grant Program, which provides financial aid to teacher certification students. Extends expenditure date until 2024, allows eligibility for transitional kindergarten certificate students, and redefines priority schools to specify 55 percent or more of its pupils as unduplicated.

10) **Golden State Education and Training Grant Program.** Creates the Golden State Education and Training Grant Program, to be administered by the California Student Aid Commission, which provides education and training grants of up to $2,500 for workers displaced by COVID-19. Grant recipients may use funds to cover costs of higher education or other training programs.

11) **Cal Grant A Eligibility Restoration.** Modifies for the 2020-21 and 2021-22 award year, a Cal Grant A recipient's eligibility who is impacted by a change of living arrangement due to the pandemic, and specifies that their eligibility would be based on their financial need would have been if they had remained on campus.

12) **Learning Aligned Employment.** Establishes the Learning Aligned Employment program, a state work-study program for students attending the UC, CSU, and CCC,

to be administered by California Student Aid Commission. This program is available for students from an underrepresented background who is enrolled at least part time, a resident student and maintains satisfactory academic progress, and demonstrate financial need. The learning aligned employment position is to be related to the student's area of study or career interest. Students must be placed with employers that are able to provide them with or connect them to full-time employment opportunities upon graduation.

13) **College Savings Program.** Expands the CalKIDS college savings program to make it an ongoing program, providing all California newborns with a college savings account, and additional funding for college savings accounts for low-income K-12 students.

14) **Middle Class Scholarship.** Specifies that starting with the 2022-23 academic year, an eligible student shall receive a Middle Class Scholarship that helps cover the total cost of attendance at UC and CSU. The award amount for each student is the difference between the cost of attendance and other financial aid and family and student contributions. The bill adjusts the 2020-21 and 2021-22 appropriation for the program to $117 million each based on projected caseload. Starting with the 2022-23, the annual appropriation for the program is determined by the budget act.

15) **CCC Federal Funds for Student Fees.** Authorizes community colleges to use federal emergency relief funds to waive student fees for students who have unpaid fees due to impacts of COVID-19.

16) **CCC Zero-Textbook-Cost Degrees.** Provides $115 million one-time Proposition 98 General Fund for zero-textbook-cost degrees. The bill amends the CCC zero-textbook cost degrees program to also include open educational resources for courses, clarifies that zero-textbook cost degrees may also include low-cost degrees if no-cost degrees are not available.

17) **CCC Deferrals.** Retires all community college deferrals, totaling $1.3 billion, created in the 2020 Budget Act.

18) **CCC Student Centered Funding Formula.** Extends the CCC Student Centered Funding Formula hold harmless provision from 2023-24 to 2024-25.

19) **CCC Pathways to Law School Program.** Establishes the CCC Pathways to Law School Program to expand pathways to law school programs by supporting dual enrollment partnerships, partnerships with CSU and UC to expand or implement transfer pathways and student support services at the CCCs. The bill also provides $5 million one-time Proposition 98 General Fund for this purpose.

20) **CSU Early Start Program Report.** Repeals the requirement for the Legislative Analyst's Office to submit a report on the CSU Early Start Program to the Legislature.

21) **UC and CSU Summer Financial Aid.** Repeals the suspension language for UC and CSU summer financial aid.

22) **Animal Shelter Assistance Act.** Establishes the Animal Shelter Assistance Act to provide competitive grants for outreach, regional conferences and resources on best practices for improving animal health and care in animal shelters, and in person assessments and training for local animal control agencies or shelters, societies for prevention of cruelty to animals, and humane societies. The bill requires UC to report by March 31, 2023 and March 31, 2026 on the use of funds, activities supported, list of grantees and analysis of the programs impact.

23) **UC Nonresident Enrollment.** Specifies that it is the intent of the Legislature that UC limit the share of nonresident students at every campus to no more than 18 percent of the campus undergraduate enrollment. Specifies that it is the intent of the Legislature to provide appropriations to UC to gradually make progress towards achieving this policy at University of California, Berkeley, University of California, Los Angeles, and University of California, San Diego campuses.

24) **Bench-to-School Initiative.** Creates the California Institute on Law, Neuroscience and Education, a collaboration between the Memory and Aging Center of UCSF, Hastings College of the Law, and the UC/CSU California Collaborative for Neurodiversity and Learning to conduct research on the impacts that socioeconomic factors' have on learning, and to transfer that research to educational settings by developing curriculum, professional development and classroom interventions.

25) **California Veterinary Emergency Team Program.** Establishes the California Veterinary Emergency Team to assist in the support and training of government agencies, nongovernmental organizations and individuals to assist in the evacuation and care of household and domestic animals and livestock in emergencies statewide. The program shall also conduct or support research on best practices for evaluation and care of animals in disasters.

26) **State Grants Portal.** Requires state agencies to provide the State Library post award data for grants by July 1, 2022. Specifies that the data include various information including the number of grants awarded and information about the award recipient and geographic location served.

27) **CCC College Buys Program.** Extends the sunset date for the College Buys program from July 1, 2022 to July 1, 2023. This program allows procurement of goods and services in bulk for community college system.

28) **Part Time Faculty Office Hours.** Provides $90 million one-time Proposition 98 General Fund to support increases to community college part-time faculty office hours.

29) **Student Aid Commission Adjustments.** Adjusts the 2020-21 California Student Aid Commission budget to reflect caseload adjustments.

30) **College Access Tax Credit Fund.** Increases the 2020 appropriation for the College Access Tax Credit by $760,000 to reflect updated fund estimates.

31) **CCC Deferred Maintenance.** Appropriates $511 million one-time Proposition 98 General Fund to support CCC deferred maintenance projects.

32) **CCC Student Retention.** Appropriates $100 million one-time to CCCs to support efforts to increase student retention rates and enrollment, including engaging former students who have withdrawn due to the pandemic, current community colleges who may be hesitant to enroll, and prospective students.

33) **CCC Guided Pathways Program.** Provides $50 million one-time for the continued implementation of the CCC Guided Pathways program. The bill requires colleges to submit a plan outlining plans to implement guided pathways program, and integrate student success programs. The bill also requires the Chancellor's Office to report on each colleges progress towards implementing guided pathways activities and practices.

34) **CCC Student Basic Needs.** Provides $100 million one-time to address CCC student basic needs including food insecurity and to assist homeless and housing-insecure students in securing stable housing. The bill requires the Chancellors Office to report to the Legislature by January 1, 2025 on use of funds.

35) **CCC Equal Employment Opportunity.** Provides $20 million one-time to community college districts to support the implementation of best practices for success in promoting equal opportunity employment and faculty and staff diversity at the CCCs.

36) **CCC High Road Training Partnerships.** Provides $20 million for CCCs to establish and expand High Road Training Partnerships and High Road Construction Careers, as well as regional equity partnerships with local workforce development boards.

37) **CCC Faculty Professional Development.** Provides $20 million one-time to community college districts to support culturally competent professional development for CCC faculty.

38) **CCC Lesbian, Gay, Bisexual, Transgender, Queer, and Plus (LGBTQ +) Student Support.** Appropriates $10 million one-time to support LGBTQ+ student services at CCCs, including student centers, LGBTQ+ learning communities, curriculum development, mental health services and other activities.

39) **Various CCC Appropriations.** Provides $72.8 million Proposition 98 General Fund one-time for various CCC investments, including: $6.6 million to Rio Hondo College to support the Water Reservoir Project, $2 million for Riverside Community College District to support the Military Articulation Platform, $6 million to Bakersfield College to support workforce training programs, $35 million for San Diego College of Continuing Education to support the renovation of the Educational Cultural Complex, $500,000 for the College of Redwoods nursing program, among others.

Fiscal Effect: This bill is a budget trailer bill within the overall 2021-22 budget package to implement actions related to higher education, and makes various appropriations.

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 133	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Scott Ogus		

Subject: Health

Summary: This bill is an omnibus health trailer bill, and contains changes to implement the 2021-22 budget.

Proposed Law: This bill makes technical and clarifying statutory revisions affecting health programs necessary to implement the Budget Act of 2021. Specifically, this bill:

Various Health and Human Services Departments and Agencies

1) Establishes the Children and Youth Behavioral Health Initiative, which will ensure an innovative and prevention-focused behavioral health system where all children and youth are routinely screened, supported, and served for emerging and existing behavioral health needs. The Initiative includes the following components:

   a. Behavioral Health Virtual Platform – Requires the Department of Health Care Services (DHCS) to procure and oversee a vendor to establish a behavioral health services and supports virtual platform that integrates behavioral health screenings, application-based supports, and direct behavioral health services to children and youth 25 years of age and younger, regardless of payer.

   b. School-Linked Partnership, Capacity, and Infrastructure Grants – Authorizes DHCS to award competitive grants to qualified entities to build behavioral health services partnerships, capacity, and infrastructure; expand access to licensed behavioral health professionals and other providers; build a community-based organization provider network for prevention and treatment services for children and youth; and enhance coordination and partnerships for behavioral health prevention and treatment through appropriate data sharing systems. Eligible entities include counties, city mental health authorities, tribal entities, local educational agencies, institutions of higher education, publicly funded childcare and preschools, health care service plans, community-based organizations, and behavioral health providers.

   c. Medi-Cal Managed Care Plan Incentive Payments – Requires DHCS to make incentive payments to qualified Medi-Cal managed care plans that meet predefined goals and metrics associated with increasing access to preventive, early intervention, and behavioral health services by school-affiliated providers in K-12 schools.

d. Statewide School-Linked Behavioral Health Fee Schedule – Requires DHCS to develop and maintain a school-linked statewide fee schedule for outpatient mental health or substance use disorder treatment provided to a student 25 years of age or younger at a school site. A health care service plan, including a Medi-Cal managed care plan, or an insurer will, commencing January 1, 2024, be required to reimburse school-based services provided to one of its members according to the fee schedule, regardless of whether the provider is within the plan's or insurer's contracted provider network.

e. Evidence-Based Behavioral Health Programs – Requires DHCS to provide competitive grants to qualified entities to support implementation of evidence-based interventions and community-defined promising practices. These interventions and practices will be developed by a workgroup composed of subject matter experts convened by DHCS. Qualified entities include Medi-Cal behavioral health delivery systems, city mental health authorities, tribal entities, health care service plans, Medi-Cal managed care plans, community-based organizations, and behavioral health providers.

f. Behavioral Health Workforce Development – Authorizes the Office of Statewide Health Planning and Development to award competitive grants to entities and individuals it deems qualified to expand the workforce of behavioral health counselors, coaches, peer supports, and other allied health care providers serving children and youth.

g. Dyadic Services Benefit in Medi-Cal – Requires DHCS to provide dyadic services as a covered benefit in Medi-Cal. Dyadic services are a family- and caregiver-focused model of care that provides integrated physical and behavioral health screening and services to the whole family.

California Health and Human Services Agency (CHHSA)

2) Establishes a process for developing a California Health and Human Services Data Exchange Framework, including the following components and milestones:

   a. Stakeholder Advisory Group – Requires CHHSA to convene a stakeholder advisory group no later than September 1, 2021, to advise on the development and implementation of the California Health and Human Services Data Exchange Framework. The stakeholder group will be composed of representatives from relevant state departments and entities, health care service plans and insurers, physicians, hospitals, clinics, consumers, organized labor, privacy and security professionals, health information technology professionals, community health information organizations, county health, county social services, county public health, and community-based organizations. The stakeholder group will provide information and advice on data elements, gaps in data collection, privacy and security, and develop policies and definitions for the Framework.

   b. Establish Framework – Establishes, on or before July 1, 2022, the California Health and Human Services Data Exchange Framework, including a single data sharing agreement and common set of policies and procedures to govern and require the exchange of health information among health care organizations and government agencies in California.

c. Health Care Organization Adoption of Framework – Requires, on or before January 31, 2023, execution of the Framework's data sharing agreement by general acute care hospitals, physician organizations, medical groups, certain skilled nursing facilities, health care service plans, disability insurers, clinical laboratories, and acute psychiatric hospitals. Also requires CHHSA to work with counties to encourage inclusion of county health, county public health, and county social services agencies as part of the Framework.

d. Real-Time Health Information Exchange – Requires, on or before January 31, 2024, most health care organizations to exchange health information or provide access to health information from every other health care organization pursuant to the Framework data sharing agreement. Exempts from this requirement until January 31, 2026, physician practices of fewer than 25 physicians, rehabilitation hospitals, long-term acute care hospitals, acute psychiatric hospitals, critical access hospitals, rural general acute care hospitals with fewer than 100 acute care beds, state-run acute psychiatric hospitals, and any non-profit clinic with fewer than 10 health care providers.

Emergency Medical Services Authority (EMSA)

3) Establishes the California POLST eRegistry Act, which would implement a statewide electronic registry system at the Emergency Medical Services Authority to collect information about Physician Orders for Life Sustaining Treatment (POLST) received from health care providers.

Office of Statewide Health Planning and Development (OSHPD)

4) Renames and recasts the Office of Statewide Health Planning and Development (OSHPD) into the Department of Health Care Access and Information (HCAI), including the following components:

a. Amends Statutory References – Renames the Office of Statewide Health Planning and Development to the Department of Health Care Access and Information, and amends references to the "office" to the "department".

b. Licensing Board Demographic and Other Data Collection – Amends the Business and Professions Code to require healing arts licensing boards to collect or request certain demographic and other data from its licensees for future health workforce planning.

c. Access to Vital Records – Allows the new department to request access to certain vital records from the Department of Public Health for the purpose of public reporting and research on health care quality and outcomes.

d. Transition Health Care Workforce Clearinghouse to California Health Workforce Research and Data Center – Transitions the Health Care Workforce Clearinghouse, which collects, analyzes, and publishes information on educational and employment trends for healthcare occupations in the state, into the California Health Workforce Research and Data Center. The Data Center will be the recipient of the demographic and other data collected by healing arts licensing boards and, in addition to continuing the analysis and reporting previously conducted by the clearinghouse, will also report on the outcomes and effectiveness of health care workforce programs.

e. Transition California Healthcare Workforce Policy Commission to California Health Workforce Education and Training Council – Transitions the California Health Care Workforce Policy Commission and the Health Professions Education Foundation (HPEF) programs into the California Health Workforce Education and Training Council. The council will consist of 17 members, with six appointed by the Governor, three each by the Assembly and Senate, and representatives of DHCS, HCAI, the University of California, the California State University system, and the California Community College system. The council will provide guidance on statewide education and health workforce training needs and advise on increasing the supply and diversity of physician and non-physician providers, as well as the placement of providers in medically underserved areas. The council will support the programs currently covered by the commission, such as the Song-Brown Program, as well as those currently covered HPEF.

f. Expansion of Coronary Artery Bypass Graft Outcomes Reporting – Expands reporting of outcomes data for coronary artery bypass graft (CABG) surgeries to include new and emerging cardiac procedures, such as transcatheter aortic valve replacement.

g. Office of Rural Health – Transitions from DHCS the California State Office of Rural Health, which links rural communities with state and federal resources and collaborates with statewide rural health associations and other public and private agencies to promote rural health services.

h. J-1 Visa Waiver Program – Transitions from DHCS the J-1 Visa Waiver Program, which provides recommendations to the United State Department of State regarding which visa applications should be granted for primary care physicians, with priority to those who will work in federally designated underserved areas.

5) Expands the Health Professions Career Opportunity Program at HCAI to implement programs at colleges and universities for pipeline programs and post-baccalaureate opportunities for students from underrepresented regions and backgrounds to pursue health careers.

Department of Managed Health Care (DMHC)

6) Adds new health equity and quality measures and other reporting to the Knox-Keene Health Care Service Plan Act, including the following new responsibilities for DMHC and health care service plans:

a. Health Equity and Quality Committee – Requires DMHC to, on or before March 1, 2022, convene a Health Equity and Quality Committee to make recommendations for standard measures and benchmarks for assessing health equity and quality measures in health care delivery. The committee will provide these recommendations to DMHC by September 30, 2022.

b. Establish Equity and Quality Measures and Benchmarks – Requires DMHC to, beginning in measurement year 2023, establish standard measures and annual benchmarks for health equity and quality in health care delivery.

c. Health Plan Compliance with Measures and Benchmarks – Requires health care service plans to comply with the standard measures and annual benchmarks and demonstrate compliance through annual reporting to the department.

d. Progressive Enforcement Actions – Authorizes DMHC to impose progressive enforcement actions on plans that do not comply with the new health equity and quality reporting requirements, or fail to comply with the standards and benchmarks.

e. Annual Health Equity and Quality Compliance Report – Beginning in 2025 and annually thereafter, requires DMHC to publish a Health Equity and Quality Compliance Report.

Department of Health Care Services (DHCS)

7) Establishes the Office of Medicare Innovation and Integration at the Department of Health Care Services (DHCS) to provide focused leadership and expertise on innovative models of care and coordinated access to long-term services and supports for Medicare-only beneficiaries and beneficiaries dually eligible for Medicare and Medi-Cal.

8) Establishes the California Advancing and Innovating Medi-Cal (CalAIM) Act to require DHCS to seek federal approval for, and implement federal waivers for the CalAIM initiative, including:

   a. Continuation of the Medi-Cal managed care program
   b. Continuation of the Global Payment Program
   c. Continuation of the Medi-Cal Specialty Mental Health Services (SMHS) Program
   d. Continuation of the Drug Medi-Cal Organized Delivery System (DMC-ODS)
   e. Changes to behavioral health medical necessity, payment reform, and administrative simplification
   f. Implementing the Providing Access and Transforming Health (PATH) program
   g. Implementing targeted pre-release Medi-Cal benefits for qualified inmates
   h. Establishing the State Plan Dental Improvement Program as a successor program to the Dental Transformation Initiative
   i. Implementing enhanced county oversight and monitoring

9) Authorizes DHCS to standardize populations required to enroll in Medi-Cal managed care plans and fee-for-service.

10) Authorizes DHCS to require Medi-Cal managed care plans and plan subcontractors to be accredited by the National Committee for Quality Accreditation (NCQA). Also

prohibits DHCS from using accreditation to certify or deem plans in compliance with existing state and federal requirements.

11) Requires DHCS to implement a population health management (PHM) program for Medi-Cal managed care plans, which would require plans to develop and maintain a PHM program which includes a model of care and plan of action designed to address member health needs at all points along the continuum of care.

12) Requires DHCS to implement an enhanced care management (ECM) benefit designed to address the clinical and nonclinical needs on a whole-person-care basis for certain target populations of Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans.

13) Authorizes Medi-Cal managed care plans to cover certain new services or provide certain existing services in alternative settings, in lieu of Medi-Cal benefits covered in California's Medicaid State Plan. Authorized in lieu of services (ILOS) include, but need not be limited to, the following:

  a. Housing transition navigation services
  b. Housing deposits
  c. Housing tenancy and sustaining services
  d. Short-term post-hospitalization housing
  e. Recuperative care, or medical respite
  f. Respite
  g. Day habilitation programs
  h. Nursing facility transition or diversion to assisted living facilities, such as residential care facilities for the elderly or adult residential facilities
  i. Nursing facility transition to a home
  j. Personal care and homemaker services
  k. Environmental accessibility adaptations, or home modifications
  l. Medically supportive food and nutrition services, including medically tailored meals
  m. Sobering centers
  n. Asthma remediation

14) Requires DHCS to make incentive payments available to Medi-Cal managed care plans for implementation of components of CalAIM, including ECM and ILOS.

15) Sunsets the Health Homes Program on January 1, 2022, or when DHCS receives federal approval to implement the ECM benefit.

16) Authorizes DHCS to establish regional capitation rates for contracted Medi-Cal managed care plans, after certain reporting and other requirements are met.

17) Implements various provisions to improve payments to hospitals that treat Medi-Cal beneficiaries, including the Quality Incentive Payments (QIP) program, the Global Payment Program, and existing certified public expenditure programs.

18) Requires DHCS to standardize applicable covered Medi-Cal benefits provided by Medi-Cal managed care plans on a statewide basis and across all plan models.

19) Prohibits DHCS from transferring specialty mental health services from Kaiser to Solano and Sacramento counties until specified requirements have been met.

20) Requires DHCS to include the following benefits and services in the Medi-Cal managed care delivery system:

a. Institutional long-term care services, effective January 1, 2023
b. Specified donor and recipient organ transplant surgeries, effective January 1, 2022
c. Community-Based Adult Services

21) Requires DHCS to continue to provide for the delivery of the Multipurpose Senior Services Program (MSSP) as a fee-for-service benefit.

22) Requires DHCS to sunset and transition the Coordinated Care Initiative (CCI) as follows:

a. Sunsets the CCI demonstration project on December 31, 2022.
b. Authorizes Medi-Cal managed care plans in the seven CCI counties to transition beneficiaries from Medicare Advantage plans into a Dual Eligible Special Needs Plan (D-SNP).
c. Lifts enrollment caps on Fully-Integrated D-SNPs in Los Angeles, Riverside, and San Bernardino counties.

23) Authorizes DHCS to require Medi-Cal managed care plans to operate a D-SNP in CCI counties by January 1, 2023, and in non-CCI counties by January 1, 2026.

24) Extends Medi-Cal eligibility for individuals in pregnancy only programs from 60 days to 12 months after the end of the individual's pregnancy.

25) Phases out the assets test to determine eligibility for the Medi-Cal program for seniors and persons with disabilities.

26) Expands full-scope Medi-Cal coverage for income-eligible older adults age 50 and over, regardless of immigration status, beginning on May 1, 2022.

27) Eliminates statutory provisions that would require suspension in future fiscal years of the following Medi-Cal programs and benefits:

a. Screening for Misuse of Opioids and Other Drugs
b. Adult Optional Benefits
c. Proposition 56 Supplemental Payments to Providers

28) Establishes the Behavioral Health Continuum Infrastructure Program, which authorizes DHCS to award competitive grants to qualified entities to construct, acquire, and rehabilitate assets, or to invest in mobile crisis infrastructure to expand the community continuum of behavioral health treatment resources. Grants would expand capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder

residential, peer respite, mobile crisis, community and outpatient behavioral health services, and other treatment and rehabilitation options for behavioral health disorders.

29) Expands availability for the Medically Tailored Meals Pilot program to include additional counties, as well as additional clinical diagnoses.

30) Authorizes DHCS to offer reimbursement for mobile optometric providers.

31) Authorizes DHCS to implement an electronic visit verification system, a telephone and computer-based method that verifies in home service visits, pursuant to federal requirements.

32) Requires DHCS to continue Dental Managed Care contracts in Sacramento and Los Angeles counties until December 31, 2022.

33) Eliminates the freeze on reimbursement rates imposed on intermediate care facilities – developmental disabilities (ICF-DD) and free-standing pediatric subacute facilities. Extends the existing reimbursement rate for ICF-DD, inclusive of the temporary payments associated with the COVID-19 Public Health Emergency, until July 31, 2022.

34) Eliminates reimbursement rate reductions in the Medi-Cal program for complex rehabilitation technology equipment and services.

35) Forgives retroactive recoupments for reimbursement rate changes to clinical laboratories in the Medi-Cal program and increases the maximum reimbursement rate from 80 percent to 100 percent of the rate paid by the Medicare program.

36) Extends until December 31, 2022, flexibilities in reimbursement for care provided to Medi-Cal beneficiaries via telehealth, including through audio-only modalities, implemented during the COVID-19 public health emergency.

37) Updates data required to be provided to DHCS from third-party commercial insurance carriers for post-payment recovery and coordination of benefits activities.

38) Imposes penalties on long-term care facilities for noncompliance with a hearing decision issued by DHCS that orders readmission of a resident after a finding the facility improperly transferred, discharged, or failed to readmit a resident.

39) Restores adult over-the-counter cough and cold medications, as well as acetaminophen, as Medi-Cal covered benefits.

40) Requires DHCS to provide Rapid Whole Genome Sequencing as a Medi-Cal benefit for beneficiaries one year of age or younger receiving inpatient hospital services in an intensive care unit.

41) Requires DHCS to implement a medication therapy management benefit and reimbursement methodology for covered pharmacist services related to the dispensing of qualified specialty drugs.

42) Reduces the required period of residence in an inpatient facility from 90 days to 60 days for eligibility for transition services through the California Community Transitions program.

Department of Public Health (DPH)

43) Provides funding flexibility for local agencies that administer the California Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

44) Clarifies eligibility for the Pre-Exposure Prophylaxis Assistance Program (PrEP-AP) if medications have been prescribed, dispensed, or otherwise furnished.

45) Establishes the California Neurodegenerative Disease Registry Program, expanding the California Parkinson's Disease Registry to collect information on the incidence and prevalence of neurodegenerative diseases.

46) Rescinds obsolete reporting requirements to DPH for rhesus (Rh) isoimmunization hemolytic disease in newborns.

47) Authorizes DPH to establish the Office of Suicide Prevention, pursuant to the provisions of AB 2112 (Ramos), Chapter 142, Statutes of 2020, without requiring utilization of existing staff and resources.

48) Provides a continuous appropriation to ensure the Office of Oral Health receives annual funding of $30 million, regardless of reductions in available tobacco tax revenue available from Proposition 56.

49) Exempts from the Public Contract Code the Lesbian, Bisexual, Transgender, and Queer (LBTQ) Women's Health Equity Initiative, to allow smaller community-based organizations to successfully compete for grants and contracts.

50) Adds nonprofit health care providers to the eligible recipients of funding for sexually transmitted disease prevention and control activities.

51) Authorizes DPH to support costs of distribution of supplies of sterile hypodermic needles and syringes, and other supplies, to reduce the spread of HIV, hepatitis C, and other bloodborne pathogens.

52) Authorizes DPH to allocate funds to local health departments and community-based organizations for navigation and retention coordinators to support pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) initiation and retention among individuals most vulnerable to HIV.

53) Establishes HIV and Aging Demonstration projects to allow for innovative, evidence-informed approaches to improve the health and well-being of older people living with HIV.

54) Authorizes DPH to purchase hepatitis C virus test kits and associated materials and supplies for distribution to community-based organizations and local health

departments to help Californians become informed of their hepatitis C status and be linked to care and treatment.

Department of State Hospitals (DSH)

55) Requires DSH to convene an Incompetent to Stand Trial Solutions Workgroup to identify short-term, medium-term, and long-term solutions for alternatives to placement of defendants determined to be incompetent to stand trial (IST) in a State Hospital. The workgroup will submit a report to CHHSA and the Department of Finance on short-term solutions by November 30, 2021, and medium- and long-term solutions by April 1, 2022.

56) Authorizes the Secretary of Health and Human Services to discontinue admission of patients civilly committed under the Lanterman-Petris-Short Act (LPS) to a State Hospital and make other changes to reduce the existing LPS population if the Secretary determines that either: the IST Solutions Workgroup recommendations cannot be completed due to reasons outside of the control of CHHSA or DSH; or the recommendations are not able to be implemented in a timely manner and IST patient referrals exceed DSH capacity, there continues to be an IST waitlist, and IST patients are unable to receive timely access to competency restoration services.

57) Authorizes DSH to contract for subacute bed capacity with public or private entities including, but not limited to, institutions for mental disease, mental health rehabilitation centers, skilled nursing facilities, or other treatment options. This capacity may be used to house or treat individuals committed to DSH as Not Guilty by Reason of Insanity (NGI), IST, or Offenders with a Mental Disorder (OMD).

58) Authorizes DSH to require patients determined incompetent to stand trial (IST) whom DSH indicates are not likely to regain mental competence to be returned to the county of commitment within 10 days, or charge the county a daily bed rate for continued treatment.

59) Authorizes DSH to conduct re-evaluations of mental competence, either in person or by telehealth, for IST patients committed to and awaiting admission to DSH for 60 days or more.

60) Authorizes DSH to expand its Felony Mental Health Diversion program without a local match requirement and requires counties to exclusively divert defendants found incompetent to stand trial on felony charges.

61) Prohibits DSH from recovering charges for care at a State Hospital from relatives of a patient.

Mental Health Services Oversight and Accountability Commission

62) Amends and updates the Mental Health Student Services Act, consistent with the expansion of grants for partnerships between educational and county mental health entities included in the 2021 Budget Act.

<u>California Health Benefit Exchange (Covered California)</u>

63) Establishes a one-dollar premium subsidy program in the Covered California health benefits exchange to subsidize the one dollar per month premium required for the cost of providing abortion services, for which federal funding is prohibited.

64) Extends emergency rulemaking authority for the Covered California health benefits exchange until January 1, 2025.

65) Establishes the Health Care Affordability Reserve Fund and transfers $333.4 million from the General Fund to the fund, to support health care affordability programs operated by the Covered California health benefits exchange.

66) Requires Covered California to, by January 1, 2022, report on options for providing cost-sharing reduction subsidies for low- and middle-income Californians.

Fiscal Effect: Provides a continuous appropriation from the state General Fund to ensure the Office of Oral Health receives annual funding of $30 million, regardless of reductions in available tobacco tax revenue available from Proposition 56.

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 135	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Renita Polk		

Subject: Human services omnibus

Summary: This bill makes necessary changes to implement human services related provisions of the Budget Act of 2021.

Proposed Law: The bill makes the following statutory changes:

CalWORKs program:

1) Authorizes a CalWORKs applicant or recipient to provide proof of identity via videoconferencing or any other electronic means that allows for a visual interaction between the applicant or recipient and county eligibility staff.

2) Increases the amount of earned income that is disregarded for families applying to the program from $90 to $450. Also states the Legislature's intent to eventually reach alignment between applicants and recipients of the amount of earned income that is disregarded.

3) Automates a one-time process that allows former CalWORKs recipients excluded due to the formerly applicable 48-month time limit, but who have fewer than 60 countable months of time on aid in CalWORKs, to be added to an existing assistance unit if all information needed to complete an eligibility determination is in the case record and all other eligibility requirements have been met.

4) Allows CalWORKs families who have children placed into foster care to receive monthly cash assistance for up to six months while active reunification efforts are ongoing.

5) Increases the supplemental aid payment made to pregnant CalWORKs recipients from $47 a month to $100 a month, and would discontinue that payment at the end of the month following the month the end of the pregnancy is reported. This would become operative when the Department of Social Services certifies that the California Statewide Automated Welfare System can perform the necessary automation.

6) Increases the maximum aid payments by 5.3 percent, beginning October 1, 2021.

7) Beginning August 1, 2021, requires that a nonfraudulent CalWORKs overpayment established on or after that date, and for the benefit months of April 2020 to the end of the proclamation of a state of emergency related to the COVID-19 pandemic, or June 30, 2022, whichever date is sooner, be classified as an administrative error.

8) Prohibits counties from collecting any portion of a nonfraudulent overpayment that occurred more than 24 months prior to the date the county discovered the overpayment.

9) Requires the Department of Social Services to convene and facilitate a CalWORKs Outcomes and Accountability Review (Cal-OAR) steering committee to make recommendations on how to implement Cal-OAR and CalWORKs 2.0 principles and practices statewide.

10) Requires a statewide CalWORKs training effort acknowledging and addressing the intentional shift to a trauma-informed, anti-racist, anti-stigma, and implicit bias-aware culture and climate in the program, geared towards positive outcomes for child and family health and well-being. Requires the Department of Social Services to enter into one or more contracts to develop this training no later than July 1, 2022 and to share a plan developed with stakeholders with the Legislature by December 1, 2022.

11) Incrementally increases the number of hours for intensive case management, as specified, and states the Legislature's intent to increase to 10 hours, as of July 1, 2024, contingent on the 2023 Budget Act.

12) Authorizes a flat rate one-time payment from the Pandemic Emergency Assistance Fund to each CalWORKs assistance unit. Requires the department to submit a written report to the Legislature relating to the payments by November 1, 2021.

In-Home Supportive Services (IHSS) Program:

13) Repeals the seven percent reduction in service hours for IHSS recipients.

14) Requires the Department of Social Services to collaborate with stakeholders to identify the least intrusive manner to record the location of in-home supportive service delivery at the time service begins and ends each day, in compliance with federal requirements.

15) Requires the Department of Social Services, in consultation with stakeholders, to create, and provide to the Legislature, the framework for a permanent provider backup system.

16) Subjects a county to a withholding of a specified amount of 1991 Realignment funds if the county fails to reach agreement on a bargaining contract, after a fact finding process finds terms more favorable to the employee organization.

17) Maintains the current 65 percent state and 35 percent county cost sharing ratio for nonfederal IHSS costs. Also continues the ten percent over three years tool.

18) Extends eligibility for the IHSS program to individuals who are eligible for state-only funded full-scope MediCal benefits and meet all other IHSS program eligibility criteria.

Supplemental Security Income (SSI)/State Supplementary Payment (SSP) Programs:

19) Directs SSP grants for both individuals and couples to be increased by a percentage that can be accomplished with $291.3 million, beginning January 1, 2022. Requires notification to the Legislature of the final percentage increase effected by the appropriation in the 2021 Budget Act.

20) Subject to an appropriation in the 2023 Budget Act, provides an additional grant increase beginning January 1, 2024.

Other Aging/Adult Programs:

21) Requires the Department of Aging to administer a pilot program, the Access to Technology, to connect older adults and adults with disabilities to technology to reduce isolation and increase connections.

22) Creates the Long-Term Care Patient Representative Program and the Office of the Long-Term Care Patient Representative in the Department of Aging to provide patient representatives to protect the rights of nursing home residents. Requires the program to assign a public patient representative if no family member or friend is available to serve in that capacity.

23) Repeals conditional funding suspensions for Aging and Disability Resource Connection Infrastructure Grants Program.

24) Repeals conditional funding suspensions for senior nutrition programs.

25) Expands the age of eligibility for the Adult Protective Services program from 65 years old to 60 years old, alters the definition of “adult protective services,” and makes other changes to definitions under the act.

26) Requires the Department of Social Services to convene a workgroup to develop recommendations to create or establish a statewide adult protective services case management system.

CalFresh and other Food Assistance Programs:

27) Authorizes the Department of Social Services to implement waivers approved by the United States Secretary of Agriculture through all-county letters or similar instructions without adopting regulations only if the waiver is for a period of 24 months or less.

28) Requires the Department of Social Services to work with counties to update the budgeting methodology for county administration costs, beginning with the 2022-23 fiscal year.

29) Requires the Department of Social Services to develop a CalFresh user-centered simplified paper application for older adults and people with disabilities by July 1, 2023.

30) Gives individuals the option to complete an application or recertification interview and provide the required client signature by telephone.

31) Extends the deadline to establish and implement a statewide Restaurant Meals Program to September 1, 2021.

32) Extends the time for required documentation and information to be provided to restore discontinued benefits for the Transitional Benefit Program to 90 days and maintains eligibility for all beneficiaries for 2 years by pausing discontinuances.

33) Limits the period in which a county may establish a claim to recover an overissuance of CalFresh benefits due to inadvertent household error or administrative error to the 24 months before the discovery of the overissuance by the county.

34) States the intent of the Legislature to begin a targeted, age-based implementation of the expansion of the California Food Assistance Program regardless of immigration status upon completion of the needed automation changes funded in the Budget Act of 2021. The expansion would be subject to an appropriation in the Budget Act of 2023.

35) Extends the date that requires counties to complete efforts to expand CalFresh program outreach and retention from January 1, 2022 to January 1, 2023.

Child Support Program:

36) Requires a local child support agency to cease enforcement of child support arrearages and past due amounts owed to the state that the Department of Child Support Services or local child support agencies determine to be uncollectible, beginning January 1, 2023. That includes debt owed by noncustodial parent's whose sole income is from SSI/SSP and/or Social Security Disability Insurance benefits, Cash Assistance Program for Aged, Blind, and Disabled Immigrant (CAPI) benefits, or Veterans Administration Disability Compensation benefits.

37) Specifies that a child support agency is authorized to substitute original signatures of the agent of the local child support agency with any form of electronic signature. Authorizes, effective July 1, 2021, a child support agency to substitute any original signatures, including those of the support obligors or obligees, with a printed copy or electronic image of an electronic signature obtained in compliance with specified requirements.

38) Extends the suspension of the state's child support program incentive program through the 2021-22 and 2022-23 fiscal years.

39) Requires the Department of Child Support Services to distribute support collections received on or after May 1, 2020, in such a manner as to distribute all support collections to families first to the maximum extent permitted by federal law.

Housing and Homelessness Programs:

40) Authorizes the use of funds to provide CalWORKs housing supports used to provide housing supports to CalWORKs recipients who are at risk of homelessness and for whom housing instability would be a barrier to self-sufficiency or child well-being.

41) Expands the definition of an eligible individual for the Home Safe Program to include individuals who are in the process of intake to adult protective services, or an individual who may be served through a tribal social services agency who appears to be eligible for adult protective services.

42) Modifies the definition of "homeless" and expands the definition of "eligible family" to include an individual or family that is at risk of homelessness or in a living situation that cannot accommodate the child or multiple children in the home for the Bringing Families Home Program.

43) Waives the requirement for a grantee to match funds between July 1, 2021, and June 30, 2024.

Refugee/Immigrant/Asylee Services:

44) Establishes the Enhanced Services for Asylees and Vulnerable Noncitizens program to provide for persons granted asylum or who are eligible to receive refugee cash assistance and services as victims of crime.

45) Authorizes the Department of Social Services to reallocate returned or declined funds among eligible counties and qualified nonprofit organizations for refugee social services programs.

46) Repeals the July 1, 2022 sunset date for the rapid response program within the Department of Social Services.

Other Provisions:

47) Revises the definition of "eligible beneficiaries" for purposes of the California Community Services Block Grant Program to include all individuals living in households with incomes not to exceed the income eligibility level as a percentage of the poverty line.

48) Requires the Department of Community Services and Development to administer the Low Income Household Water Assistance Program and to receive and

expend federal funding allocated for that purpose. Authorizes the department to develop and implement a state plan, requirements, guidelines, and subgrantee contract provisions for the program.

49) Exempts the Department of Community Services and Development from specified state requirements and prescribed funding amounts that otherwise would apply to the Low-Income Home Energy Assistance Program for purposes of using supplemental funding provided to the state by the federal American Rescue Plan Act of 2021.

50) Establishes the California Arrearage Payment Program (CAPP) within the Department of Community Services and Development. The bill would require the department to survey utility applicants to obtain data pertaining to the total number of residential and commercial customer accounts in arrears to determine the total statewide energy utility arrearage and to develop an allocation formula for determining an individual utility applicant's share of CAPP funds.

51) Authorizes the development of a global telephonic signature solution to enhance the ability for county human services customers and staff to complete transactions by telephone.

52) Revises the fee structure for administrator certification training programs for administrators of community care facilities.

53) Transfers $450 million from the General Fund to the Safety Net Reserve Fund.

54) Repeals the conditional suspension of funding provided in the 2019 Budget Act for the Emergency Child Care Bridge Program for Foster Children.

Fiscal Effect: As the General Fund is continuously appropriated for the CalWORKs program, increases to CalWORKs aid payments within this bill make an appropriation.

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 140	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	James Hacker		

Subject: Housing

Summary: Provides for several statutory changes necessary to implement the housing and homelessness provisions of the Budget Act of 2021.

Proposed Law: This bill makes the following statutory changes:

1) **California Dream for All First Time Homebuyers Program.** Requires the Treasurer, in consultation with the California Housing Finance Agency, the California Department of Housing and Community Development, and other relevant stakeholders to develop a framework for the California Dream for All First Time Homebuyers Program to reduce barriers to homeownership, and submit a report to the Legislature as soon as April 1, 2022, and no later than one year from the effective date of this chapter.

2) **State Excess Lands.** Makes certain changes to speed the development of housing on state excess lands. Specifically, this bill:

   a) Removes the requirement that leasing a parcel for housing development receive the approval of the governing body of any concerned local agency if the Director of the Department of General Services (DGS), with the consent of the state agency, finds that the letting of interest in any real property or interest in real property serves a beneficial public purpose limited to the development of housing including permanent supportive or traditional housing and emergency shelters or park and recreation facilities.

   b) Allows the DGS Director to permit commercial development on property leased for affordable housing purposes if the Director of Housing and Community Development (HCD) deems the commercial development necessary for the successful delivery of housing to lower income households and deems the commercial development necessary to provide community benefits, including community-serving retail and amenities.

   c) Requires that a minimum of 20 percent of housing units in a development be made available for the term of the lease to, and occupied by, lower income households, of which at least 10 percent shall be available to, and occupied by very low income households. Authorizes the Director of HCD to prescribe alternative minimum percentages in each income category in specified instances.

d) Allows, upon a written formal recommendation from the Director of HCD that it is in the best interest of the state and reasonably necessary to facilitate the development of affordable housing, the Director of DGS to permit phased development, subject to specified terms and conditions, or to sell property or portions of a property that have been leased, consistent with affordability provisions.

e) Provides that in leasing properties, the DGS Director shall give preference to projects that provide either the greatest number of units affordable to lower and very low income households, or that provide for more units affordable to lower and very low income households than required by the Director of HCD.

3) **Homeless Housing, Assistance, and Prevention Program.** Provides for the allocation of $2 billion in funds over the next two years for flexible aid for local governments to combat homelessness through the Homeless Housing, Assistance, and Prevention Program (HHAPP). Specifically, this bill:

a) Allocates $1 billion for Round 3 HHAPP funding in the 2021-22 fiscal year.

i) Provides that 80 percent or $800 million to applicants that are cities, counties or continuums of care (CoC) as follows:

(1) 32 percent or $240 million to CoCs based on each CoCs proportionate share of the state's total homelessness population, based on homeless point-in-time count. Requires the council to award no more than 40 percent of this allocation to any one CoC.

(2) 42 percent or $336 million to cities, or cities that are also a county, that have a population of 300,000 or more, as of January 1, 2020. Requires the Council to calculate the allocation to a city based on the city's proportionate share of the total homeless population of the region served by the CoC within which the city is located, based on homeless point-in-time count. Requires the Council not to award more than 45 percent of this allocation to any one city. Provides that if more than one recipient within the CoC meets the requirement of this subparagraph, the proportionate share of funds shall be equally allocated to those jurisdictions.

(3) 28 percent or $224 million of the allocation to counties. Requires the council to calculate the allocation to a county based on the county's proportionate share of the total homeless population of the region served by the CoC within which the county is located based on the homeless point-in-time count. Requires the Council not to award more than 40 percent of the program allocation to any one county.

ii) 18 percent or $180 million of the funding available be set aside for awarding bonus funding for jurisdictions that achieve the outcome goals specified in their applications, described below. Requires the Council to determine bonus award allocations, based on homeless population, and to report to the chairs of the relevant fiscal and policy committees within 30 days of making the funding allocation determinations.

iii) Provides not more than 2 percent or $20 million of the funding to tribal applicants, as follows:

(1) Allows tribes to request funds, and to be allocated funds up to their requested amount, or up to a total of $20 million collectively among all tribal applicants.

(2) Allows the Council to make allocations to tribes on the basis of a tribal applicant's proportionate share of need relative to all tribes that submit an application for funding.

(3) Provides that a tribal applicant may partner with a local CoC or coordinated entry system.

(4) Provides that any funds available to tribal applicants that are unallocated by July 1, 2025, shall be allocated as bonus awards.

b) Provides for the allocation of Round 3 funds to eligible jurisdictions via the following process:

i) Requires the council to issue a standard agreement for applicants to apply for Round 3 program funds no later than September 15, 2021, which specifies requirements for applicants to submit an application that includes a local homelessness action plan and specific outcome goals.

(1) Requires a signed standard agreement to be returned to the council no later than 30 days from the date the council issues the agreement.

(2) Requires the council to allocate 20 percent of an eligible city's, county's, or CoC's total allocation upon receipt of a signed standard agreement.

(3) Allows a city, city and county, single CoC, or county to apply jointly with a counterpart entity or entities. Provides that an applicant that applies jointly shall be allocated 25 percent of the jointly applying jurisdictions' total allocation instead of 20 percent upon receipt of a signed standard agreement.

(a) Requires a joint application to include, at a minimum, evidence of collaboration between the jointly applying applicants and an explanation of how the jointly applying applicants will administer the funds allocated to them.

(4) A recipient is permitted to use the initial funds awarded to complete the local homeless action plan, including paying for any technical assistance or contracted entities to support the completion of the homeless action plan.

ii) Requires an applicant to submit an application to the council by June 30, 2022, that includes a local homelessness action plan, a narrative, and specific outcome goals to receive the remaining balance of its Round 3 program allocation, as follows:

(1) Requires that a complete application include the following:

(a) A local homelessness action plan.

(b) Outcome goals aimed at preventing and reducing homelessness over a three-year period, informed by the findings from the local landscape analysis and the jurisdiction's base system performance measure from 2020 calendar year data in the Homeless Data Integration System. The outcome goals shall set definite metrics, based on the United States Department of Housing and Urban Development's system performance measures.

(c) A narrative describing the uses of the requested funds and how they will help the jurisdiction achieve their outcome goals.

(2) Requires an applicant to engage with the council on its local plan and outcome goals before submitting a complete application.

(3) Requires an applicant to agendize the application at a regular meeting of its governing body, including receiving public comment, before being submitted to the council.

(4) Requires the council to either approve the application, and issue the notice of award to allocate the remaining percent of an applicant's funding, or return it to the applicant with written comments and specific requested amendments.

c) Requires Round 3 funds to be used in the following manner:

i) Prohibits a program recipient from using funding from the program to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the council.

ii) Provides that no more than 5 percent or $50 million of the funds available shall be used to cover the council's costs of administration. The council may expend administrative funds until December 31, 2026, to complete grant close-out activities.

iii) Provides that a program recipient use at least 10 percent of the funds allocated for homeless youth populations.

iv) Requires all funds to be expended on evidence-based homeless interventions and in compliance with Housing First.

v) Provides that all Round 3 program funds, including bonus funds, shall be expended by June 30, 2026.

vi) Requires that no later than June 30, 2024, recipients shall demonstrate whether they have successfully met their outcome goals.

(1) Jurisdictions that meet their outcome goals shall be eligible for bonus funds. The council shall allocate bonus awards in a reasonable and equitable manner, based on homeless population, to all jurisdictions who have qualified for bonus funds no later than November 1, 2024.

(2) Jurisdictions that have not met their outcome goals shall not be eligible for bonus funding and shall accept technical assistance from council staff and may also be required to limit the allowable uses of these program funds, as determined by the council.

d) Allocates $1 billion for Round 4 HHAPP funding in the 2022-23 fiscal year, as follows:

i) Provides that 80 percent or $800 million to applicants that are cities, counties or continuums of care (CoC) as follows:

(1) 32 percent or $240 million to CoCs based on each CoCs proportionate share of the state's total homelessness population, based on homeless point-in-time count. Requires the council to not award more than 40 percent of the allocation to any one CoC.

(2) 42 percent or $336 million to city, or cities that are also a county that have a population of 300,000 or more, as of January 1, 2021. Requires the Council to calculate the allocation to a city based on the city's proportionate share of the total homeless population of the region served by the COC within which the city is located, based on homeless point-in-time count. Requires the Council not to award more than 45 percent of the program allocation made pursuant to this subparagraph to any one city. Provides that if more than one recipient within the CoC meets the requirement of this subparagraph, the proportionate share of funds shall be equally allocated to those jurisdictions.

(3) 28 percent or $224 million of the allocation to counties. Requires the council to calculate the allocation to a county based on the county's proportionate share of the total homeless population of the region served by the COC within which the county is located based on the homeless point-in-time count. Requires the Council not to award more than 40 percent of the program allocation to any one county.

ii) Provides that 18 percent or $180 million of the funding available be set aside for awarding bonus. Requires the Council to determine bonus award allocations and to report to the chairs of the relevant fiscal and policy committees within 30 days of making the funding allocation determinations.

iii) Provides not more than 2 percent or $20 million of the funding available to tribal applicants, as follows:

(1) Allows tribes to request funds, and to be allocated funds up to their requested amount, or up to a total of $20 million collectively among all tribal applicants.

(2) Allows the Council to make allocations to tribes on the basis of a tribal applicant's proportionate share of need relative to all tribes that submit an application for funding.

(3) Provides that a tribal applicant may partner with a local CoC or coordinated entry system.

(4) Provides that any funds available to tribal applicants that are unallocated by July 1, 2025, shall be allocated as bonus awards.

e) Provides for the allocation of Round 4 funding via the following process:

i) Requires the council to make an application for Round 4 program allocations available no later than September 30, 2022. Applications shall be due to the council no later than 60 days from the date the council makes those applications available.

ii) Requires an applicant to submit an application with the following information to receive a Round 4 allocation:

(1) A local homelessness action plan that provides an update on the local homelessness action plan included in an application for a Round 3 program allocation.

(2) New outcome goals that build upon prior years outcome goals.
(a) Requires that each applicant determine its outcome goals that build upon prior year goals in consultation with the council, and requires consultation with the council before submitting final outcome goals..

(3) A narrative describing how the requested funding will be used and how it will support the specified outcome goals.

iii) Requires a city, county, and CoC application to be agendized at a regular meeting by the applicant's governing body, including receiving public comment, before submitting to the council.

iv) Requires the council to approve the application and issue the notice to award to disburse 50 percent of an applicant's funding within 30 days, or return it to the applicant with written, detailed comments and request one or more amendments.

f) Requires funding allocated in Round 4 of the program to be spent in the following manner:

i) Prohibits a program recipient from using funding from the program to supplant existing local funds for homelessness services under penalty of disallowance or reduction, or both, of future program funds, as determined by the council.

ii) Provides that no more than 5 percent or $50 million of the funds shall be used to cover the council's costs of administration of this section. The council may expend administrative funds until December 31, 2027, to complete grant close-out activities.

iii) Provides that a program recipient use at least 10 percent of the funds allocated for homeless youth populations.

iv) Requires all funds to be expended on evidence-based interventions and in compliance with Housing First.

v) Requires a recipient to contractually obligate not less than 75 percent and expend not less than 50 percent of the initial Round 4 program allocations no later than May 31, 2025. If the jurisdiction has met this requirement, and can demonstrate that they are on track to meet their outcome goals, the council shall distribute the balance of the jurisdiction's allocated funding.

(1) If a jurisdiction cannot meet this requirement, they must submit an alternative disbursement plan that includes an explanation for the delay on or before June 30, 2025. Requires the Council to approve the alternative disbursement plan prior to distributing additional funding.

vi) Provides that the council shall determine whether a recipient has met its outcome goals through July 1, 2025, and shall award bonus funding as soon as data becomes available, but no later than November 1, 2025.

(1) Allows the council to provide exceptions to meeting outcome goals if the recipient demonstrates hardship by a disaster for which a state of emergency is proclaimed by the Governor.

vii) Requires that all Round 4 program funds, including bonus funds, shall be expended by June 30, 2027.

g) Requires applicants to report specific information for all rounds of program allocations through a data collection, reporting, performance monitoring and accountability framework established by the council. This includes:

i) Data on the applicant's progress towards meeting their outcome goals submitted annually on December 31 of each year through the duration of the program.

ii) If an applicant has not made significant progress toward meeting outcome goals, they must submit a description of barriers and possible solutions and accept technical assistance from the council.

iii) Requires applicants to provide quarterly fiscal reports to the council. If applicants are not on-track to meet their performance goals, these quarterly reports shall include an update on meeting those goals.

iv) Applicants must provide a final report on Round 3 funding by October 1, 2026, and on Round 4 funding by October 1, 2027.

4) **Encampment Resolution Grants.** Establishes the Encampment Resolution Funding Program to assist cities, counties, and CoCs in ensuring the safety and wellness of people experiencing homelessness in encampments to do the following:

   a) Provide competitive encampment resolution grants to resolve critical encampment concerns.

   b) Transition individuals into safe and stable housing.

   c) Encourage a data-informed, coordinated approach to address encampment concerns.

   d) Requires the council to award initial grants by March 1, 2022.

5) **Family Homelessness Challenge Grants.** Establishes the Family Homelessness Challenge Grants and Technical Assistance to provide one-time grants and technical assistance to local jurisdictions in order to address and end family homelessness.

   a) 75 percent of funding appropriated for this purpose would be available for competitive grants, to be allocated in two competitive solicitations.

   b) 20 percent of funding would be available for technical assistance for local jurisdictions.

   c) Five percent of available funding would be available for administration of the program.

   d) Requires that funding be made available no later than March 1, 2022, and that funds be expended by June 30, 2026.

6) **Regional Early Action Planning Grant Program.** Establishes the Regional Early Action Planning Grants Program of 2021. Specifically, this bill:

   a) Requires that the program be developed and administered by the Department of Housing and Community Development (HCD) in collaboration with the Office of Planning and Research (OPR), the Strategic Growth Council (SGC) and the State Air Resources Board (ARB) to provide regions with funding for transformative planning and implementation activities.

   b) Allocates funding as follows:

      i) 85 percent to Metropolitan Planning Organizations based on projected population.

ii) Five percent to rural jurisdictions.

iii) Five percent for "exemplary" projects that exceed the requirements of the program.

iv) Five percent for program administration.

c) Requires that funds be spent on planning and implementation projects that improve housing and reduce per capita vehicle miles travel in furtherance of applicants' Sustainable Community Strategies.

7) **Affordable Housing Preservation.** Provides for the allocation of funds for the preservation of state-funded affordable housing properties that are in danger of losing their affordability protections. Specifically, this bill:

a) Authorizes the department, upon appropriation, to make loans or grants, or both loans and grants, to rehabilitate, capitalize operating subsidy reserves for, and extend the long-term affordability of department-funded housing projects that have affordability restrictions that have expired, that have an affordability restriction with a remaining term of less than 5 years, or are otherwise at risk for conversion from affordable to market rate.

b) Requires the department to establish loan processing or transaction fees for loans or grants authorized under these provisions and requires that funds received by the department in repayment of loans under these provisions be deposited in the Housing Rehabilitation Loan Fund, to be used for the Multifamily Housing Program.

c) Authorizes the department to adopt guidelines to implement this program and exempt those guidelines from the rulemaking provisions of the Administrative Procedure Act.

8) **Affordable Housing Backlog.** Provides for the allocation of funding to a qualified rental housing development to replace federal and state low-income housing tax credits and private activity bonds. Specifically, this bill:

a) Defines "qualified rental housing development" for these purposes to mean a qualified low income housing project that received an award letter from specified multifamily housing programs administered by the department.

b) Requires that a loan awarded under these provisions be provided with an interest rate of zero and authorizes HCD to determine the terms under which a loan or grant awarded under these provisions is subject to repayment.

c) Requires a rental housing development that receives a grant or loan under these provisions to commence construction within 180 days of issuance of an award letter, and would authorize HCD to issue a 90-day extension.

9) **Project Homekey.** Provides for the use of additional state and federal funds for the acquisition, rehabilitation, and conversion of hotels, motels, commercial properties,

and other non-housing properties for noncongregate housing for homeless individuals.

a) Provides that the deferred payment loan requirement under the program would not apply to assistance provided pursuant to these provisions.

b) Authorizes HCD to adopt guidelines for the expenditure of funds appropriated to the department under these provisions and requires HCD to report to the Legislature on the use of the funds in the department's annual report, including, among other things, an explanation of how funding decisions were made and the number of individuals housed, or likely to be housed, using the funds.

c) Exempts from CEQA, until July 1, 2024, a project described above and funded pursuant to these provisions if certain requirements are met, including that the project proponent submits to the lead agency a letter of support from a county, city, or other local public entity for any proposed rehabilitation, construction, or major alteration work. If the lead agency determines that a project is not subject to CEQA and the lead agency determines it will approve or carry out the project, the bill would require the lead agency to file a notice of exemption.

10) **Excess Sites.** Establishes the Excess Site Local Government Matching Grant Program administered by HCD to provide selected developers with one-time grants for development activities to enable development on excess state-owned property.

a) Requires the department to allocate grants of up to $10 million to development partners selected under Executive Order No. N-06-19 program to enter a ground lease with the state to create affordable housing on excess state-owned property and that will receive contributions from a local government in support of that affordable housing.

b) Requires HCD to award grant funds based on several factors, including value of the local government contribution and the creation of new permanent housing options.

c) Authorizes a selected developer and a local government to submit a joint application that includes, among other things, a budget demonstrating the amount of the local government's contribution and a commitment and strategy from the local government to support the selected developer.

d) Limits the total amount of funding awarded under the program to $30 million and requires the department to set aside up to 5% of appropriated funding for program administration.

11) **Foreclosure Intervention and Housing Preservation Program.** Establishes the Foreclosure Intervention Housing Preservation Program. Specifically, this bill:

a) Allows HCD to contract with program administrators to offer grants or loans to qualifying nonprofits, community land trusts, or qualifying LLCs to purchase housing properties (one to 25 units) either out of foreclosure or after the property has defaulted on its loans but before it enters foreclosure.

b) Requires HCD to consider geographic equity in allocating funds, among other guideline requirements.

c) Requires grantees / borrowers to keep the units affordable for 55 years. Allows a temporary exemption if some of the units are market rate when acquired, but requires them to convert to affordable once existing tenants move out.

d) Allows HCD to contract with fund administrators through June 30, 2026, or longer if funding is available. Funds not committed to an administrator by December 31, 2025 would be reallocated to the Housing Preservation Program for state or local funded projects.

e) Requires HCD to report to the legislature by May 2023 on the status of the program.

12) **Infill Infrastructure Grant Program of 2019.** Makes provisions for the allocation of additional state funds through the Infill Infrastructure Grant Program of 2019. Specifically, this bill:

a) Extends the operation of the 2019 Infill Infrastructure Grant Program from January 1, 2023, to January 1, 2026.

b) Authorizes HCD to expend $250 million pursuant to the Infill Infrastructure Grant Program of 2019 as follows:

i) $160 million for selected capital improvements for large jurisdictions under the program.

ii) $90 million for over-the-counter grants for capital improvements for projects for small jurisdictions under the program.

c) Authorizes up to 5 percent of the funds to be set aside for program administration

13) **Public Works Enforcement Program.** Requires the Director of the Department of Industrial Relations to establish and maintain a strategic enforcement unit focused on construction, alteration, and repair projects. Requires the unit to enhance the department's enforcement of the Labor Code in construction, alteration, and repair projects related to Project Homekey.

14) **State Homelessness Landscape Assessment.** Requires the Homeless Coordinating and Financing Council to conduct a statewide assessment. Specifically, this bill:

a) Requires the council, among other things, to identify state programs that provide housing or services to persons experiencing homelessness or at risk of homelessness, and collect and analyze data from those programs necessary to provide a comprehensive view of the homelessness response system.

b) Authorizes local governments to collaborate with the coordinating council or other entity conducting the assessment to share existing data from existing local analyses of system needs or gaps to complement other data requested.

c) Requires the council to submit an interim report by July 1, 2022, and a final report by December 31, 2022, on the assessment to specified legislative committees.

15) **Other Provisions.** Expands existing exclusions from the definition of "low-rent housing project" to include:

a) Developments that consist of new construction and developments using funding received the Coronavirus State Fiscal Recovery Fund established by the federal American Rescue Plan Act of 2021 (ARPA).

b) Projects funded by funding appropriated and disbursed through the Affordable Housing Preservation Program, Affordable Housing Backlog Program, and Project Homekey.

Fiscal Effect: The statutory changes of this bill are necessary to implement the Budget Act of 2021, which contains the appropriations for the programs outlined in this bill.

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 144	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nora Brackbill		

Subject: Taxes: credits: qualified motion pictures: certified studio construction projects: reports

Summary: This bill makes the following changes to the Film and TV Tax Credit administered by the California Film Commission (CFC), housed within the Governor's Office of Business and Development (GO-Biz):

1) Expands the credits available to allocate in fiscal years 2021-22 and 2022-23 by $90 million, including $75 million for recurring and $15 million for relocating television shows.

2) Allows CFC to allocate an additional $150 million in Film Infrastructure Credits, for productions filmed at newly constructed or renovated studios and soundstages, with higher percentage credits allowed if diversity goals are met.

3) Requires the collection and reporting of additional information related to workforce diversity by taxpayers claiming the credits, the CFC, and the Legislative Analyst's Office (LAO).

Background. Film and television production was halted by the pandemic-related public health restrictions for several months in 2020. Unemployment in this industry was relatively high. While employment in film and television production has not yet fully recovered, the situation has significantly improved in recent months.

More than thirty states, including California, use tax incentives to attract film and television productions. California allocates $330 million annually in credits, typically for 20 percent of qualified expenses. The program is oversubscribed, with only 22 out of 61 applicants awarded credits in the most recent round[1]. Georgia, which has an uncapped 30 percent tax credit and doled out $870 million in credits in 2019, briefly overtook California as the top movie-production state in 2016, although California has since reclaimed that title and dominates in television production[2].

Film and TV Tax Credit. The CFC, housed within GO-Biz, administers the Film and TV Tax Credit Program, which provides tax credits based on qualified expenditures for eligible productions that are produced in California. The program was established in

[1] https://news.bloombergtax.com/daily-tax-report/hollywood-seeks-to-be-film-king-again-with-expanded-tax-breaks
[2] https://www.indiewire.com/2021/04/georgia-boycott-film-tax-credits-1234629128/, https://www.hollywoodreporter.com/news/general-news/feature-film-production-georgia-outpaced-california-last-year-study-says-1006912/, https://www.hollywoodreporter.com/news/general-news/california-ranks-as-top-filming-location-narrative-feature-films-1282548/, https://www.filmla.com/wp-content/uploads/2021/01/2020_TV_Report_WEB_v1.pdf

2009 with $100 million in credits awarded annually by lottery ("Film and TV Tax Credit 1.0") and was restructured to a competitive credit and expanded to $330 million for 2015-16 to 2019-20 ("Film and TV Tax Credit 2.0"). In 2018, the Legislature enacted the Film and TV Tax Credit 3.0, which made minor changes, including a diversity reporting requirement, and extended the credit until 2024-25. The three iterations of the credit are summarized in the table from the LAO below.

Comparison of California Film Tax Credit Programs

Program	First Film Tax Credit	"Program 2.0"	2018 Extension
Years in Effect	2009-2017	2015-2020	2020-2025
Amount per Year	$100 million	$330 million[a]	$330 million
Credit Allocation	Lottery	Jobs ratio score	Modified jobs ratio score
Allocation Categories	10 percent of total credits reserved for independent films	Credits allocated as follows: • 40% for TV projects • 35% for feature films • 20% for relocating TV series • 5% for independent films	Credits allocated as follows: • 40% for TV projects • 35% for feature films • 17% for relocating TV series • 8% for independent films
Credit Percentage	Base: 20% of qualifed spending • Independent films: 25% • Relocating TV series: 25%	Base: 20% of qualifed spending, plus additional: • 5% of spending outside LA • 5% of visual effects • 5% of music scoring Independent films and relocating television: 25%	Base: 20% of qualifed spending, plus additional: • 5% to 10% of spending outside LA (up to 30% total) • 5% of visual effects Independent films and relocating television: 25%
Other Requirements		Complete "career readiness" requirement. Provide a statement that credit was a significant factor in choice of location.	In addition to the added requirements of Program 2.0, production companies must have a written policy against sexual harassment and provide a summary of programs to increase workplace diversity.

[a] Only $230 million was available in the first year of Program 2.0 because it was concurrent with the first credit.

Source: Legislative Analyst

The current program allows a credit in an amount equal to 20 percent (for feature films or new or recurring television series) or 25 percent (for independent films or relocating television series) of qualified expenditures for the production of a qualified motion picture in California. The project is defined as being in California if 75 percent of the shooting days take place or 75 percent of the budget is spent within the state. Smaller budget projects, commercials, music videos, reality shows, and documentaries are not eligible. The wages of certain workers are not included in qualified expenditures, among other exclusions. The excluded wages include those paid to writers, directors, music directors, music composers, music supervisors, producers, and performers other than background actors with no scripted lines. The law increases credit percentages for programs that film outside of Los Angeles or that include original music or visual effect expenditures. The credits are nonrefundable, nontransferable, and apply to corporation or personal income tax liability. However, independent film projects can sell the credits once, and all projects can choose to apply the credits to sales and use tax liability or to income tax liability in previous or upcoming years.

The credit allocation is competitive and is based on the projected economic impact of the project, measured by the number of associated jobs, the amount of money spent, and the facilities utilized within the state. The applicant must provide documentation to CFC after the project is complete, and the tax credit may be adjusted if the final information is different than the application. Applicants must also include information about voluntary programs to increase the representation of minorities and women in their workforce. The CFC is required to share this information in aggregate.

Recurring TV Series Shortfall. Under the current program, recurring TV series are guaranteed credits for each season that they are in production if they received them for prior seasons (assuming they continue to meet the program requirements). However, this obligation has grown larger than the credits allocated to this category due to this guarantee. In 2019-20, 60 percent of the total credits were allocated to recurring TV series. These, combined with new TV series, are only supposed to receive 40 percent of the total credit allotment. The CFC has adopted emergency regulations[3] to address this issue, including capping recurring shows to 105 percent of the per episode amount approved in the previous season and redirecting credits from other categories.

Proposed Law. This bill includes the following changes:

1. **Film and TV Tax Credit 3.0 Changes**

    a. Allows CFC to allocate an additional $90 million in credits each year for fiscal year (FY) 2021-22 and FY 2022-23, including $75 million for recurring TV series and $15 million for relocating TV series (which cannot be redirected to recurring TV series).

    b. Limits the credit allocated to a recurring TV series to the credit received in the previous fiscal year.

    c. Specifies that CFC shall do the following, in this order, if insufficient credits for recurring shows are projected in either of the subsequent two fiscal years:

        i. Redirect credits from relocating TV shows, new TV shows, and features, in that order.

        ii. Allocate future credits (up to 25 percent of FY 2024-25 credits).

        iii. Negotiate with credit recipients to reduce allocations.

2. **Film Infrastructure Credit**

    a. Establishes a new credit for productions filmed at certified studio construction projects, as follows:

        i. Allows CFC to allocate up to $150 million in credits over the next ten years for qualified motion pictures filmed primarily at certified studio construction projects. The credit amounts and requirements are similar to the Film and TV Tax Credit 3.0, except that they are

[3] https://cdn.film.ca.gov/wp-content/uploads/2020/10/Emergency-Regulations-APPROVED.pdf

allocated on a first come, first served basis rather than competitively, and they are limited to $12 million per production.

ii. Defines "certified studio construction project" as the construction or renovation of one or more soundstages which:

1. Costs at least $25 million over no more than five years.

2. Is built and maintained according to certain labor requirements, described in (c) below.

3. Commences after this bill goes into effect.

iii. Defines "qualified motion picture" as a production that:

1. Meets the requirements defined for the Film and TV Tax Credit 3.0.

2. Films at least 50 percent of principal photography shooting days at a certified studio construction project, within three years of certification by CFC.

3. Expends at least $7.5 million in qualified wages for the project being filmed at that soundstage in the taxable year when the credit is claimed.

4. Is produced by either the owner of the soundstage or by a long-term (at least 10 years) lessee of the soundstage.

5. Provides a diversity workplan and a final diversity report to CFC, described in (d) below.

iv. Specifies that the credit is not refundable or sellable but may be carried over for up to eight subsequent years.

b. Prohibits productions which receive a Film Infrastructure Credit from also receiving a California Competes Grant or credits from the Film and TV Tax Credit 3.0 program in the same year. However, productions filmed at certified studio projects after the three-year certification window may apply for the Film and TV Tax Credit 3.0 program, and will receive a 33 percent boost for the jobs ratio used in the competitive allocation process.

c. Requires the certified studio construction project to adhere to specified labor standards, as follows:

i. Requires that the construction of the soundstage be performed according to the following:

1. Each project must be certified as a public works project or must pay all construction workers the general prevailing

wage, as defined in the Labor Code for public works projects, with the exception of apprenticeships, and must provide additional documentation and information as specified.

2. All construction work, including that performed by contractors or subcontractors, must be performed by a skilled and trained workforce, as defined in the Public Contract Code Chapter 2.9 (beginning with section 2600).

ii. Requires that the operation and maintenance of the soundstage must be performed according to the following:

1. Requires maintenance work to be performed by either:

a. a workforce paid at least the prevailing rate that is either directly or through a payroll company employed by the soundstage owner or lessee; or

b. a skilled and trained workforce, as defined in the Public Contract Code Chapter 2.9 (beginning with section 2600), if services are provided by a third-party vendor.

2. Requires the credit recipient to report to CFC the amount of payments to the two types of workforces described above.

3. Of the amounts reported, at least 90 percent must be for the first category to receive the full tax credit. If at least 75 percent but less than 90 percent fall into the first category, the production shall only receive half of the allocated tax credit. If less than 75 percent fall into the first category, the production shall not receive a tax credit.

d. Sets higher percentages for achieving diversity goals, as follows:

i. Requires recipients of the Film Infrastructure Credit to submit a diversity workplan that must be approved by CFC. The plan shall include diversity goals for both individuals included in and excluded from qualified wages, and strategies to achieve those goals.

ii. Requires recipients of the Film Infrastructure Credit to submit a final report outlining the progress made towards their diversity goals.

iii. Allows a higher percentage credit for productions that meet or make a good faith effort to meet the goals in their diversity workplan, as determined by CFC. Productions may earn up to an additional 4 percent for meeting the goals laid out for individuals included in or excluded from qualified wages (2 percent for each category).

3. **Diversity Reporting**

   a. Requires recipients of both the Film and TV Tax Credit 3.0 and the Film Infrastructure Credit to provide aggregated data on the diversity of their workforce, including ethnic and racial makeup and gender, both for individuals included in and excluded from qualified wages.

   b. Extends to independent film productions the requirement to provide CFC with a summary of voluntary programs to increase the diversity of the workforce excluded from qualified wages.

   c. Requires CFC to verify and update information provided by applicants about the diversity of their workforce.

   d. Requires CFC to report annually on the aggregated diversity information collected pursuant to these tax credits, and on the diversity of the film production industry more broadly.

   e. Requires the LAO to provide a report by May 1, 2025 summarizing the workforce diversity information collected by CFC, and evaluating the effectiveness of the diversity bonus credit on increasing the diversity of the film production workforce. LAO may ask for and receive relevant information from agencies including, but not limited to, the CFC, Franchise Tax Board (FTB), California Department of Tax and Fee Administration, and Employment Development Department.

4. **Other Provisions**

   a. Clarifies that the tax credits granted in this bill would not be required to be repaid to FTB if parts of this bill were ruled invalid or unconstitutional.

   b. Includes a severability clause.

   c. Takes effect immediately as a tax levy.

   d. Requires a 2/3 vote.

Fiscal Effect: According to the Department of Finance, this bill will reduce General Fund revenues by $11 million in FY 2022-23, $33 million in FY 2023-34, and $40 million in FY 2024-25 and FY 2025-26. Approximately 55 percent of those reductions are due to the expansion of the Film and TV Tax Credit 3.0 program, and 45 percent are due to the Film Infrastructure Credit.

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 148	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Joanne Roy and James Hacker		

Subject: Public resources

Summary: This bill is the omnibus Resources budget trailer bill. It contains provisions necessary to implement the 2021 Budget Act.

Proposed Law: This bill:

1) **Water Arrearages.** Establishes the California Water and Wastewater Arrearage Payment Program in the State Water Resources Control Board (SWRCB).

    a) Requires SWRCB to survey community water systems to determine statewide arrearages and water enterprise revenue shortfalls.

    b) Requires SWRCB to adopt a resolution establishing guidelines for application requirements and reimbursement amounts for those arrearages and shortfalls.

    c) Requires SWRCB to establish a similar program for funding wastewater treatment provider arrearages and shortfalls if there are sufficient funds appropriated for purposes of the program.

    d) Requires a community water system to provide customers with arrearages accrued during the COVID-19 pandemic bill relief period a notice that they may enter into a payment plan, as specified.

    e) Prohibits a community water system from discontinuing water service due to nonpayment before September 30, 2021, or the date the customer misses the enrollment deadline for, or defaults on, a payment plan, whichever is later.

    f) Requires SWRCB to coordinate with the Department of Community Services and Development in allocating program funding to certain community water systems.

    g) Sunsets these provisions on July 1, 2025.

2) **Drought.** To provide drought relief, this bill does the following:

    a) Authorizes specified state agencies to make grants and direct expenditures for the following:

i) Provide interim or immediate relief in response to conditions arising from a drought scenario to address immediate impacts on human health and safety and fish and wildlife resources.

ii) Provide water to persons or communities that lose or are threatened with the loss or contamination of water supplies.

b) Defines drought scenario as when:

i) The Governor has issued a proclamation of a state of emergency on drought conditions; or,

ii) SWRCB determines, subject to specified requirements, that drought conditions necessitate urgent and immediate action to ensure availability of safe drinking water, to protect public health and safety, or to avoid serious and irreparable harm to fish or wildlife.

3) **Realignment of the Unified Hazardous Waste and Hazardous Materials Regulatory Management Program**. Requires the State Fire Marshall to seek the advice of the Secretary for Environmental Protection, rather than the Office of Emergency Services (Cal OES), in establishing minimum requirements for the storage, handling, and use of hazardous materials. This bill revises and recasts the unified program provisions to transfer certain responsibilities from Cal OES to the California Environmental Protection Agency (CalEPA). This bill transfers state administration of the federal accidental release prevention program from Cal OES to CalEPA.

4) **State Owned Program Income Revenue.** Authorizes specified moneys to be deposited in either the Wildlife Restoration Fund or the Fish and Game Preservation Fund.

5) **Extend and Expand Beverage Container Recycling Pilot Program.** Extends the sunset date of the recycling pilot program from January 1, 2023 to January 1, 2027. This bill increases the number of pilot projects from five to ten and the maximum number of operating years from three to five.

6) **Reduce Frequency of Jurisdiction Inspection Requirement.** Authorizes, instead of requires, the Department of Resources Recycling and Recovery to visit each jurisdiction once each year, but would require the department to do so no less than once every four years, to monitor the jurisdiction's implementation and maintenance of its waste diversion programs.

7) **Climate Smart Agriculture Account.** Establishes the Climate Smart Agriculture Account in the Department of Food and Agriculture Fund, which will be a depository for federal, state, and private sources. This bill requires California Department of Food and Agriculture to submit to the Legislature an overview of the account's income and expenditures for any fiscal year in which moneyed are received into or expended from the account.

8) **CalConserve Fund.** Transfers $3 million Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) for the purpose of providing loans for water conservation and water use efficiency projects and programs to achieve urban water use targets.

9) **Oil Spill Prevention and Administration Fund.** Requires the oil spill prevention and administration fee to be increased on October 1, 2021, from $0.065 to $0.085 per barrel of crude oil or petroleum products. Commencing January 2, 2022, this bill imposes the fee on renewable fuel, as specified. This bill requires the fee to be annually increased or decreased by a certain inflation measurement.

10) **Parks Pilot Programs.** Requires the Department of Parks and Recreation, until July 1, 2024, to waive the $5 fee to obtain the "Golden Bear Pass," which is a discount program available to persons, who meet specified criteria. Also, on and before September 1, 2021, this bill authorizes Parks, to establish a "California State Park Adventure Pass" to be available, upon application to the department, to any child in the 4th grade, or 4th grade equivalent, who is a California resident. On and after September 1, 2021, this bill waive the day use entrance fee to an eligible unit of the state park system for any child who holds such a pass. This bill repeals the "California State Park Adventure Pass" program on July 1, 2024.

11) **Agriculture Burning.** Authorizes the Air Resources Board to administer a program to support incentives for alternatives to agricultural burning in the San Joaquin Valley and exempts the adoption or use of funding criteria or other guidelines related to the granting of moneys under this program from the Administrative Procedure Act.

12) **Zero Emission Vehicle Administrative Procedure Act Exemption.** Until July 1, 2027, exempts from the requirements of the APA Act the adoption or use of guidelines or other standards by state agencies in administering Zero-Emission Vehicle-related programs.

13) **Office of Energy Infrastructure Safety (OEIS).** Transfers certain powers, duties, and responsibilities of the Wildfire Safety Division from the Public Utilities Commission to OEIS. This bill authorizes OEIS representatives to enter and inspect regulated entity property, records, and equipment and to issue notices of deficiency or violation if necessary. This bill provides that the decision of OEIS are subject to judicial review. This bill requires OEIS to provide for the confidentiality of records and the protection of proprietary information.

14) **Electric Program Investment Charge (EPIC) Program.** Until July 1, 2025, this bill authorizes the Energy Commission to award, through a noncompetitive method, follow-on funding for projects, as specified, including the EPIC's program's eligibility requirements and that the projects have been funded, at least in part, though the EPIC program. No longer requires a sealed competitive bid as the preferred method to solicit project applications and award funds pursuant to the EPIC program. This bill authorizes the Energy Commission to use a sole source or interagency agreement method to instead non-competitively award funding for a project if the project has a reasonable cost and satisfies specified criteria.

15) **Public Interest Research, Development, and Demonstration Fund Subaccount.** Provides that moneys in the Subaccount to pay the Energy Commission for costs of administering specified programs are continuously appropriated.

16) **Golden State Energy.** Prohibits the Secretary of State from reserving a corporate name of filing articles of incorporation using the name Golden State Energy unless those articles are for Golden State Energy, incorporated and operated as specified.

Fiscal Effect: The funding related to the changes in this bill is contained in the Budget Act of 2021.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Senator Nancy Skinner, Chair
2021 - 2022 Regular

Bill No:	AB 153	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 Amended		
Urgency:	Yes	**Fiscal:**	Yes
Consultant:	Renita Polk		

Subject: Public social services

Summary: This bill makes necessary changes to implement child welfare related provisions of the Budget Act of 2021.

Proposed Law: The bill makes the following statutory changes:

1) Complex Care Needs for Foster Youth

    a. Establishes a five year Children's Crisis Continuum Pilot Program that includes the following elements:

    - An eight-bed crisis stabilization unit, which can provide assessment and stabilization for up to 23 hours and 59 minutes and is located near an acute psychiatric hospital.
    - A four-bed crisis residential program for foster youth who do not require inpatient treatment
    - A four-bed psychiatric health facility
    - Intensive services foster care homes with integrated specialty mental health services in order to step down youth and children from the higher-level facilities.
    - Community based support services, available 24/7, to provide intensive transition planning and establish and deliver an after care plan for the youth and family.

    b. Requires the Health and Human Services Agency to review, by December 31, 2022, the specific needs, and characteristic of youth with unplanned discharges from short-term residential therapeutic programs and youth for whom counties had difficulty securing placements and providing trauma-informed services, and to submit a plan to develop needed services in California.

    c. Requires the Department of Social Services to post and update monthly, beginning September 1, 2021, the number of children placed by a county child welfare or probation department in out-of-state residential facilities.

d. Authorizes the state to make child-specific placements into out of state residential facilities after the county has exhausted in-state placement and services options that meet the child's needs, and the county has participated in the department's technical assistance program.

e. Requires CDSS to review licensing documents and conduct an in-person visit of any facility that seeks placement of a California youth prior to certifying that it may be used as a placement for the child, and requires the department director's approval of any child-specific certification.

f. Requires a court order be made after the county has considered other placements, and the state has made a child-specific certification.

g. Requires a court order be made after the county has considered other placements, and the state has made a child-specific certification

h. Ends the ability to send youth to out-of-state residential facilities as of July 1, 2022 and requires all youth be returned to California and facilities be decertified by January 1, 2023.

2) Families First Prevention Services Act (FFPSA) Implementation

a. States the Legislature's intent to exercise the option afford to states in the federal to receive federal financial participation for federally approved prevention services that have been shown to reduce foster care system involvement.

b. Requires counties and tribes seeking funding for eligible prevention services to submit prevention plans to the Department of Social Services.

c. Requires the Department of Social Services to develop an allocation methodology to distribute funding for prevention services and would require counties to document and report the services.

d. Authorizes the Department of Health Care Services to submit a Medicaid state plan amendment, waiver request, or both, to maximize federal financial participation under the Medi-Cal program for prevention services and would require the department to maintain oversight over the prevention services claimed under the Medi-Cal program.

e. Requires a qualified individual, as defined and based on federal approval, to conduct an assessment of certain placements to short-term residential therapeutic programs. Also makes other statutory changes related to qualified individuals to satisfy federal requirements.

f. Establishes a process for the juvenile court to review and approve the placement of a dependent child, ward, or nonminor dependent in a short-term residential therapeutic program.

g. Requires short-term residential therapeutic programs to ensure the availability of nursing staff.

h. Provides at least six months of family-based aftercare services post-discharge.

i. Requires the Department of Social Services to clarify the conditions under which Title IV-E federal financial participation is available for certain placements by October 1, 2021.

3) Allows the expectant parent payment paid to pregnant minors or nonminor dependents in foster care to be made for the three-month period prior to the month of the anticipated birth.

4) Extends eligibility for payments under the Approved Relative Caregiver Funding Program on behalf of a child or nonminor dependent placed out of state in the home of a relative.

5) Requires the home of the out of state relative to be licensed or approved as required by the state in which the home is located.

6) Makes emergency caregiver payments eligible for the federal and state share of payment until approval or denial of the resource family application or for up to 120 days, whichever comes first, and would authorize an extension of eligibility for the federal and state share of payment for up to 365 days if the county shows that the delay in approving the resource family application is outside the county's control.

7) Repeals conditional suspensions to several augmentations made in the 2019 Budget Act that include:

   a. A 4.15% rate increase paid to foster family agencies

   b. Funding to support the child welfare public health nursing early intervention program in Los Angeles County

   c. Funding to support the Family Urgent Response System

   d. Funding to support the Transitional Housing Placement (THP)Program for transitional age youth

8) Increases the social worker component of the rates for foster family agencies by $50 per child.

9) States the Legislature's intent to develop an ongoing payment structure for rates paid to foster family agencies by January 1, 2023.

10) Establishes the THP-Plus Housing Supplement program that would allocate funding to up to 11 of the most expensive counties to provide a housing supplement payment.

11) Guaranteed Income Pilot program

   a. Requires the CDSS to administer the Guaranteed Income Pilot program to provide grants to eligible entities to provide guaranteed income payments to participants.

   b. Requires the department to prioritize funding for pilots that serve residents exiting the extended foster care program and pregnant individuals.

   c. Prohibits payment received from pilot participants from being treated as income for determining eligibility under state or local benefit or assistance programs.

   d. Requires state departments that administer federal benefit or assistance programs to, if possible, approve an exemption or waiver to exclude a guaranteed income payment from consideration as income for the purposes of federal benefit or assistance programs, or seek a federal exemption or waiver.

   e. Requires CDSS to review and evaluate pilot programs and projects funded and to provide a report to the Legislature regarding that review.

Fiscal Effect: Appropriates $5 million to the Department of Social Services to administer the California Newcomer Education and Well-Being Program

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Senator Nancy Skinner, Chair
2021 - 2022 Regular

Bill No:	AB 156	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	James Hacker		

Subject: Communications: broadband

Summary: This bill provides the statutory framework to implement the broadband provisions contained in the 2021 budget package.

Proposed Law: This bill makes the following statutory changes:

1) **Middle Mile Broadband Infrastructure.** This bill creates a structure and framework for the construction of a $3.25 billion state-owned open-access middle mile broadband infrastructure through a third party administrator overseen by the Department of Technology. This bill prioritizes for middle mile construction a geographically diverse group of projects in rural and urban areas of the state to achieve the greatest reductions in the amount of households unserved by broadband internet access service meeting federal and state standards. This bill also outlines the roles of the Department of Technology (CDT), the Public Utilities Commission (PUC), and the Department of Transportation (Caltrans) in the project and establishes a Deputy Director of Broadband as the central point of contact. Finally, this bill establishes a broadband advisory council, with legislative appointments, and includes reporting measures. Specifically, this bill does the following:

    a) Establishes the Office of Broadband and Digital Literacy at CDT to oversee the acquisition and management of a statewide open-access middle-mile broadband network.

    b) Requires the office to retain a third-party administrator, with experience serving libraries, schools, and universities, to manage the development, acquisition, construction, and maintenance of the middle-mile broadband network. Exempts this contract from the requirements of the Public Contracting Code.

    c) Requires the PUC, in collaboration with the third-party administrator, to identify and prioritize statewide open-access middle-mile locations as follows:

        i) Requires the PUC to identify priority locations that enable last-mile connections to residences unserved by 25 mbps downstream and 3 mbps upstream and are in communities where there is no known middle-mile infrastructure that is open access, with sufficient capacity, and at affordable rates. The locations prioritized by the commission may also include entities

that lack sufficient high-bandwidth connections, including, but not limited to, all of the following:
(1) Elementary and secondary schools.
(2) Community colleges and other institutions of higher education.
(3) Government entities.
(4) Healthcare institutions.
(5) Libraries.
(6) Public safety answering points and technologies to assist in the prevention or response to natural disasters, including, but not limited to, fairgrounds.
(7) Tribal lands.

ii) Requires the PUC, in collaboration with relevant stakeholders, to identify state highway rights-of-way where installation of open-access middle-mile broadband infrastructure should be prioritized. In prioritizing state highway rights-of-way, the commission shall prioritize a geographically diverse group of projects in rural and urban areas of the state to achieve the greatest reductions in the amount of households unserved by broadband internet access service meeting federal and state standards.

iii) Requires the PUC to publish the identified locations on its website for the Commission to solicit public comment for a 90 day period. The bill allows communications providers to submit confidential information, which may be shared with Caltrans.

d) Requires the Office of Broadband and Digital Literacy to develop a statewide open-access middle-mile network using the information from the prioritization process overseen by the PUC, as noted above, with technical advice from service providers, governmental entities, non-profits, tribes, organized labor, regional consortia, and a potential working group.

e) Defines the construction process for middle-mile infrastructure:
i) Allows the use of a construction manager/general contractor method of construction, with no limit to the contract amount.
ii) Allows for one or more contractors to be selected to build all or portions of the middle-mile.
iii) Requires Caltrans to establish a procedure to prequalify job order contractors and prepare a set of documents for each job order contract that stipulate unit prices and job order contract specifications.
iv) Allows the Office of Broadband and Digital Literacy, or Caltrans, to solicit competitive sealed bids from prequalified job order contractors for contracts lasting no more than 12 months, with two additional possible 12-month extensions or renewal periods.

f) Allows the Office of Broadband and Digital Literacy to issue rules to encourage or require internet services providers that use the statewide open-access middle-mile broadband network to participate in the lifeline program pursuant to the Moore Universal Communications Service Act (Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code) and the federal lifeline program.

g) Stipulates that the middle-mile network is for a public purpose and can be leased for less than fair market value.

h) Outlines the operation of the middle-mile by the Office of Broadband and Digital Literacy:
   i) Permits the Office of Broadband and Digital Literacy to establish reasonable user policies, perform reasonable network management practices, and create related standards and policies.
   ii) Requires a variety of services offered to internet service providers or other eligible entities on the statewide open-access middle-mile broadband network.
   iii) Considers, when feasible, the term of access to dark fiber shall be no less than a 20-year indefeasible right to use.
   iv) Requires, when feasible, the Office of Broadband and Digital Literacy to consider including excess conduit capacity in projects to ensure for potential growth of the statewide open-access middle-mile broadband network.
   v) Allows the making a grant of dark fiber strands for purposes of enhancing the California Research and Education Network.

i) Creates an accountability structure within the Office of Broadband and Digital Literacy, as follows:

   i) Establishes the Deputy Director for Broadband who shall be appointed by, and hold office at the pleasure of, the Governor and who shall be the primary point of contact for the third-party administrator, the commission, Caltrans, and the Legislature.
   ii) Requires CDT to establish a broadband advisory committee, chaired by CDT, to monitor the construction and establishment of the statewide open-access middle-mile broadband network, with the following structure and membership:
      (1) A representative of the PUC;
      (2) A representative of CDT;
      (3) A representative of Caltrans;
      (4) A representative of the Department of Finance (DOF);
      (5) A representative of the Government Operations Agency;
      (6) Two ex officio members, who shall be members of the Assembly and be appointed by the Speaker of the Assembly. These ex officio members shall serve at the pleasure of the Speaker of the Assembly.
      (7) Two ex officio members, who shall be members of the Senate and be appointed by the Senate Committee on Rules. These ex officio members shall serve at the pleasure of the Senate Committee on Rules.
   iii) Requires the broadband advisory committee to meet monthly for the first 12 months following the effective date of this bill, and quarterly thereafter.
   iv) Stipulates that the third-party administrator shall seek policy advice from the broadband advisory committee;

j) Requires CDT, in consultation with DOF, to report to both budget committees of the Legislature on or before March 1, 2022, and annually thereafter, on all of the following:
   i) The total length of the statewide open-access middle-mile broadband network.
   ii) The length of the portion of the statewide open-access middle-mile broadband network constructed in the preceding year, by quarter.

iii) The number of internet service providers using the statewide open-access middle-mile broadband network.
iv) The number of households projected to connect to the statewide open-access middle-mile broadband network.
v) The total expenditures for each project, by quarter.
vi) The projected goals for each of the metrics described in subparagraphs (A) to (E), inclusive, for the 18 months following the report.

k) Exempts the middle-mile and other linear broadband deployment in a state right of way by private or non-profit corporations from the provision of the California Environmental Quality Act if the following conditions are fulfilled.
   i) The project must:
      (1) Locate in an area identified by the PUC as a component of the statewide open-access middle-mile broadband network pursuant to Section 11549.54 of the Government Code.
      (2) Construct along, or within 30-feet of, the right-of-way of any public road or highway.
      (3) Deploy underground where the surface area is restored to a condition existing before the project or placed aerially along an existing utility pole right-of-way.
      (4) Incorporate, as a condition of project approval, measures developed by the PUC or Caltrans to address potential environmental impacts. At minimum, the project shall be required to include monitors during construction activities and measures to avoid or address impacts to cultural and biological resources.
      (5) Comply with all conditions otherwise authorized by law, imposed by the planning department of a city or county as part of a local agency permit process, that are required to mitigate potential impacts of the proposed project, and to comply with the Keene-Nejedly California Wetlands Preservation Act (Chapter 7 (commencing with Section 5810) of Division 5), the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code), as applicable, other applicable state laws, and all applicable federal laws.

   ii) If a project meets all of these requirements, the entity undertaking the project shall do all of the following:
      (1) Notify, in writing, any affected public agency, including, but not limited to, any public agency having permit, land use, environmental, public health protection, or emergency response authority, of the exemption of the project pursuant to this section.
      (2) Provide notice to the public in the area affected by the project.
      (3) Receive, in the case of private rights-of-way over private property, from the underlying property owner permission for access to the property.
      (4) Comply with all conditions authorized by law imposed by the planning department of a city or county as part of any local agency permit process, that are required to mitigate potential impacts of the proposed project, and otherwise comply with the Keene-Nejedly California Wetlands Preservation Act (Chapter 7 (commencing with Section 5810) of Division 5), the California Endangered Species Act (Chapter 1.5 (commencing with

Section 2050) of Division 3 of the Fish and Game Code), as applicable, other applicable state laws, and all applicable federal laws.

2) **Broadband Last Mile Support.** This bill amends the existing Broadband Infrastructure Grant Account program to allocate $2 billion for last mile expenditures. Of this amount, at least $1 billion must be used for last mile projects in rural counties, and $1 billion is initially allocated to urban counties. Specifically, this bill:

   a) Amends the Broadband Infrastructure Grant Account program to reflect an eventual $2 billion in "last mile" grant funding provided for in the 2021-22 fiscal year and future budgets. Changes include:

      i) Defines an unserved area as an area that does not offer at least one tier of service at 25 megabits per second downstream and two megabits per second upstream with sufficiency low latency to allow real-time interactive applications.
      ii) Allows funding provided to match or leverage federal funding.
      iii) Requires the PUC to transition the California Advanced Services Fund program methodologies to provide serviceable locations and leverage matched funding.
      iv) Requires the PUC to provide technical assistance to local governments and providers, to assist in developing grant applications, and to assist in preparing infrastructure plans.
      v) Updates the speed requirement for infrastructure projects funded to be at least 100 megabits per second downstream and 20 megabits per second upstream, or the most current speed set by the Federal Communication Commission.
      vi) Removes limitations on local governments receiving grant funding.
      vii) Revises "low-income" community eligibility to include publicly supported housing developments, and other housing developments or mobile home parks with low-income residents, as determined by the commission for the Broadband Public Housing Account.
      viii) Eliminates obsolete reporting requirements.
      ix) Requires specific reporting on expenditure of the funds provided in the 2021-22 fiscal year and future budgets for last mile connections, including the name and license number for contractors with any contract or subcontract exceeding $25,000.
      x) Allocates an eventual $2 billion provided in the budget in the following manner:
         (1) $1 billion, at least, for last-mile broadband projects in rural counties as follows:
            (a) $5 million in base funding for last-mile broadband projects in each rural county.
            (b) Additional funding based on each rural county's proportionate share of the California households without broadband internet access service with at least 100 megabits per second download speeds, as identified and validated by the commission pursuant to the most recent broadband data collection, as of July 1, 2021, as ordered in commission Decision 16-12-025 (December 1, 2016), Decision Analyzing the California Telecommunications Market and Directing

Staff to Continue Data Gathering, Monitoring and Reporting on the Market.

(2) $1 billion initially for last-mile broadband projects in urban counties as follows:
   (a) $5 million for last-mile broadband projects in each urban county.
   (b) Then remaining moneys based on each urban county's proportionate share of the California households without access to broadband internet access service with at least 100 megabits per second download speeds, as identified and validated by the commission pursuant to the most recent broadband data collection, as of July 1, 2021, as ordered in commission Decision 16-12-025 (December 1, 2016), Decision Analyzing the California Telecommunications Market and Directing Staff to Continue Data Gathering, Monitoring and Reporting on the Market.

b) Requires that any allocated funding not encumbered on or before June 30, 2023, shall be made available to the commission to allocate for the construction of last-mile broadband infrastructure elsewhere in the state.

3) **Loan Loss Reserve.** This bill creates a continuously appropriated loan-loss fund to assist local governments and non-profits in financing broadband service projects. The budget includes $750 million over three years for this purpose. Specifically, this bill:

a) Allows a County to acquire, construct, improve and maintain broadband infrastructure and operate a broadband internet access service.

b) Expands the definition of local agencies subject to public broadband services requirements to include counties, local education agencies, tribal governments, joint power authorities, and electrical cooperatives.

c) Allows a joint powers authority to issue revenue bonds for deployment of broadband by a public or nonprofit organization that are supported by the Broadband Loan Loss Reserve.

d) Establishes the Broadband Loan Loss Reserve Fund to fund costs related to financing of the deployment of broadband infrastructure by a local government agency or nonprofit organization, including payment of costs of debt issuance, obtaining credit enhancement, and establishment and funding of reserves for the payment of principal and interest on the debt. Specifically, this bill:
   i) Establishes a continuous appropriation within the Fund, without regard to fiscal years, for this fund.
   ii) Authorizes, in the budget year, the PUC to make cashflow loans to the Broadband Loan Loss Reserve Fund.
   iii) Permits the PUC to establish, among other things, eligibility requirements, financing terms and conditions, and allocation criteria, for infrastructure projects deployed using financing supported in whole or in part by funds allocated pursuant to this section.
   iv) Allows the PUC to require a local government agency or nonprofit organization to provide information demonstrating the agency's or nonprofit

organization's ability to reasonably finance and implement the infrastructure project deployed using financing supported in whole or in part by funds allocated pursuant to this section.

v) Requires biannual progress reports identifying project milestones and percent completions to date and a completion report, including a full description of the completed project, comparison of approved versus actual costs of construction, speed test data for all areas served by the project.

e) Requires the PUC to conduct a biennial fiscal and performance audit of the implementation and effectiveness of the California Advanced Services Fund beginning in April 1, 2023.

Fiscal Effect: This bill implements the first year of a three-year $6 billion investment in the broadband. Funding appropriated in SB 129 (Skinner) as amended by AB/SB 164 provides $4.372 billion ($3.25 billion General Fund) in 2021-22 to begin this project. Overall the budget provides for a six billion dollar broadband package over three years. This includes:

1) $3.25 billion federal American Rescue Plan Act (ARPA) funds for the construction of the open-access broadband middle mile, appropriated in 2021-22.

2) $2 billion ($928 million General Fund and $1.072 billion federal ARPA) for last mile funding, of which $1.072 billion is available in 2021-22, $125 million is available in 2022-23, and $803 million is available in 2022-24.

3) $750 million General Fund for the loan-loss reserve, of which $50 million in appropriated in 2021-22, $125 million is appropriated in 2022-23 and the balance of $575 million is included in 2023-24.

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 160	**Hearing Date:**	July 14, 2021
Author:	Committee on Budget		
Version:	July 11, 2021 As amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Yong Salas		

Subject: Department of Cannabis Control: licensure: appellations of origin: trade samples

Summary: This bill contains statutory provisions related to cannabis necessary to implement the Budget Act of 2021.

Proposed Law: This bill makes the following statutory changes:

1) Makes technical and conforming changes related to the consolidation of the three licensing agencies into one department, the Department of Cannabis Control.

2) Modifies the provisional licensing program as amended by Assembly Bill (AB) 141:

   a) Allows local equity operators to apply for new provisional licenses until March 31, 2023, and be issued a provisional license by June 30, 2023, if issuing the license would not cause the applicant to hold multiple licenses on contiguous premises that exceed one acre of total canopy for outdoor 22,000 square feet for mixed-light or indoor cultivation.

   b) Allows cultivation license applicants with less than 20,000 square feet to apply for new provisional licenses until June 30, 2022, and be issued a provisional license by September 30, 2022, if issuing the license would not cause the applicant to hold multiple licenses on contiguous premises that exceed one acre of total canopy for outdoor cultivation or 22,000 square feet for mixed-light or indoor cultivation.

   c) Conforms the provisional license requirements to annual license requirements on the labor peace agreement and complete Cal-OSHA 30-hour training.

   d) Clarifies that if a lead agency complies with the California Environmental Quality Act (CEQA), they are not subject to comply with CEQA benchmarks in the bill.

   e) Beginning July 1, 2022, through June 30, 2023, clarifies that demonstration of CEQA compliance includes preparing a site-specific initial study, addendum, or checklist as specified to identify environmental impacts.

   f) On or after July 1, 2023, clarifies that compliance with lake and streambed alteration agreement includes a draft streambed alteration agreement that is signed and returned to the Department of Fish and Wildlife.

g) On or after July 1, 2023, clarifies that demonstration of CEQA compliance occurs when the lead agency has certified to the department that it has conducted a reasonably comprehensive site-specific review and has reviewed, prepared, and deemed complete an initial study, addendum, or checklist as specified, in preparation for approval of an annual license.

h) Clarifies the Legislature's intent that no further exemptions from annual licenses be adopted and that any licenses issued under this division after January 1, 2025, be issued in compliance with all relevant environmental laws.

i) Adds Legislative intent that funds appropriated for the $100 million General Fund Cannabis Local Jurisdiction Assistance Grant program is promptly deployed to allow local jurisdictions to meet the deadlines in this Act.

- Delays the date by which the Department of Food and Agriculture should establish a process for licensed cultivators to establish appellations of origins to January 1, 2022.

- Clarifies that trade samples must comply with all applicable requirements in existing law and that the Department of Cannabis Control shall determine the amount of trade samples that may be provided to a licensee through regulations.

Fiscal Impact: Appropriates $10,000 to the Department of Cannabis Control for purposes of implementing this act.

Support: None on file.

Opposition: None on file.

-- END --