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CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

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Agenda

June 26, 2023

3:00 p.m. or Upon Adjournment of Session – 1021 O Street, Room 1200

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1. AB 102	Ting	Budget Act of 2023
2. AB 103	Ting	Budget Acts of 2021 and 2022
3. AB 114	Committee on Budget	Education
4. AB 115	Committee on Budget	Arts and Music in Schools
5. AB 116	Committee on Budget	Early Childcare and Education
6. AB 117	Committee on Budget	Higher Education
7. AB 118	Committee on Budget	Health
8. AB 119	Committee on Budget	Medi-Cal: Managed Care Organization Provider Tax

9. AB 120	Committee on Budget	Human Services
10. AB 121	Committee on Budget	Developmental Services
11. AB 122	Committee on Budget	Public Resources
12. AB 123	Committee on Budget	Energy
13. AB 124	Committee on Budget	Energy
14. AB 125	Committee on Budget	Transportation
15. AB 126	Reyes	Vehicular Air Pollution: Clean Transportation
16. AB 127	Committee on Budget	State Government
17. AB 128	Committee on Budget	Cannabis
18. AB 129	Committee on Budget	Housing
19. AB 130	Committee on Budget	Employment
20. AB 131	Committee on Budget	Revenue and Taxation
21. AB 132	Committee on Budget	Film and Television Tax Credit
22. AB 133	Committee on Budget	Courts
23. AB 134	Committee on Budget	Public Safety

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No:	AB 102	Hearing Date:	June 26, 2023
Author:	Ting		
Version:	June 24, 2023 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Elisa Wynne		

Subject: Budget Act of 2023

Summary: This is a Budget Bill Junior associated with the Budget Act of 2023. This bill makes technical and substantive changes to the Budget Act.

Background: On June 15, 2023, the Legislature passed SB 101 (Skinner), which represented the Legislature's budget. This bill makes changes to SB 101. The 2023-24 budget includes total spending of approximately \$310.8 billion, of which \$225.9 billion is from the General Fund.

Proposed Law: Specifically, this bill:

K-12 Education

- 1) Appropriates \$2 million Proposition 98 General Fund for the California School for the Deaf in Fremont.
- 2) Appropriates \$142.6 million in one-time federal funds for the purchase of domestic food products by school nutrition programs as part of the federal Supply Chain Assistance Program.
- 3) Appropriates \$15 million one-time Proposition 98 General Fund for dishwasher grants.
- 4) Appropriates \$350,000 in one-time federal funds for the Individuals with Disabilities Education Act (IDEA) workgroup that will provide recommendations on the operations of county court and community schools.
- 5) Maintains the Career Technical Education Incentive Grant program and the K-12 Strong Workforce Program at their existing levels.
- 6) Restores the California National Board for Professional Teaching Standards Certification Incentive Program.

Higher Education*University of California (UC)*

- 7) Amends reporting language for UC's five percent base increase for operational costs and resident student enrollment.
- 8) Clarifies basic needs provisions for CalFresh in order to identify new, continuing, and returning students who are potentially eligible for CalFresh benefits.
- 9) Appropriates \$2 million General Fund to support the UC Global Entrepreneurship Program. The program will support in-residence projects for foreign-born entrepreneurs, soon-to-graduate, and recently graduated students.
- 10) Appropriates \$7 million General Fund for UC, in partnership with the State Department of Public Health and the FIRESCOPE Cancer Prevention Subcommittee at the Office of Emergency Services, to establish a fire service community-based participatory research program examining bio-markers of carcinogenic exposure and effect in order to identify the biological mechanisms that cause cancer in firefighters and to reduce the incidence of cancer among California firefighters.

California State University (CSU)

- 11) Amends reporting language for CSU's five percent base increase for operational costs and resident student enrollment targets.
- 12) Clarifies basic needs provisions for CalFresh in order to identify new, continuing, and returning students who are potentially eligible for CalFresh benefits.
- 13) Appropriates \$3 million General Fund in 2023-24 to Center for Healthy Communities at CSU Chico to address the continued crisis of food insecurity on college campuses.
- 14) Increases the amount of General Fund support in 2023-24 and ongoing needed to cover the debt service associated with construction of the Human Identification Laboratory at CSU Chico's campus, and CSU affordable housing projects under the Higher Education Student Housing Grant Program.

California Community Colleges (CCC)

- 15) Shifts \$1.092 billion in current and planned General Fund support for CCC affordable housing student grants to bonds. The bond proceeds will come from local revenue bonds issued by community college districts for specified projects. To support the underlying debt service on those bonds, the budget includes an increase of \$78.5 million General Fund in 2023-24 and ongoing.
- 16) Includes \$10 million Proposition 98 General Fund per year for three years to support the LGBTQ+ Pilot Project and includes provisional language for competitive grants.
- 17) Restores the CCC as the administrator of the K-12 Strong Workforce Program.

Resources

- 18) Restores \$298.2 million General Fund to the State Coastal Conservancy (SCC) for purposes of climate resiliency and extends the encumbrance and expenditure date to June 30, 2028. Combines coastal resiliency and sea level rise funding at SCC into one program and prioritizes \$250 million of this funding to address urgent sea-level rise adaptation and coastal resilience needs. Requires SCC to report to the Legislature on the expenditure of these funds annually on or before January 10, beginning in 2024, as specified.
- 19) Fully restores \$54.5 million General Fund in 2023-24 to the Ocean Protection Council (OPC) for the implementation of SB 1 (Atkins). (Total allocation for this purpose is \$64.5 million, including \$10 million in the next fiscal year.)
- 20) Fully restores \$15 million General Fund to OPC for purposes of ocean protection.
- 21) Provides \$9.5 million General Fund to OPC for an Intertidal Biodiversity DNA Barcode Library.
- 22) Fully restores \$6 million General Fund to the California Department of Fish and Wildlife (CDFW) for Natural Community Conservation Program planning and land acquisition.
- 23) Fully restores \$20 million General Fund to CDFW for fine-scale vegetation mapping.
- 24) Provides \$17 million to CDFW for Monterey fish screens.
- 25) Restores \$32 million General Fund to the Wildlife Conservation Board (WCB) (\$16 million for the Cascades and High Sierra Upper Watersheds Program and \$16 million for the Land Acquisition and Habitat Enhancement Program) for purposes of water resiliency. An additional \$12 million is restored in the current year budget, split evenly between the two programs.
- 26) Restores \$25 million to the Office of Planning and Research (OPR) for purposes of regional climate resilience.
- 27) Restores \$35 million General Fund to OPR for the Extreme Heat and Community Resilience Program.
- 28) Restores \$23.5 million General Fund to the California Conservation Corps for local conservation corps.
- 29) Provides \$29 million General Fund to the California Natural Resources Agency (CNRA) for the Museum Grant Program.
- 30) Provides \$10 million General Fund to CNRA for the Recreational Trails and Greenways Program.
- 31) Restores \$54 million to the Department of Parks and Recreation for the Statewide Parks Program.

32) Appropriates \$300 million (\$250 million Greenhouse Gas Reduction Fund and \$50 million General Fund) to the California Air Resources Board for implementation of AB 617 (C. Garcia), Chapter 136, Statutes of 2017.

Energy

33) Appropriates \$10 million General Fund to California Energy Commission (CEC) for Building Energy Benchmarking Program.

34) Appropriates \$10 million General Fund to CEC for Technical Assistance for Federal Tax Credits.

35) Appropriates \$432 million (\$345 million Greenhouse Gas Reduction Fund and \$87 million General Fund) to CEC for Equitable Building Decarbonization.

36) Appropriates \$20 million General Fund to the California Air Resource Board (CARB) for Equitable Building Decarbonization.

37) Appropriates \$2.3 million General Fund to the Office of Planning and Research (OPR) for Zero Emissions Job Roadmap.

38) Appropriates \$550 million Greenhouse Gas Reduction Fund for the Zero Emission Vehicle Package, which includes:

- a) \$80 million Greenhouse Gas Reduction Fund to CARB for Clean Cars 4 All.
- b) \$100 million Greenhouse Gas Reduction Fund to CEC for Equitable At-Home Charging.
- c) \$80 million Greenhouse Gas Reduction Fund to CARB for Drayage Trucks and Infrastructure.
- d) \$85 million Greenhouse Gas Reduction Fund to CEC for Drayage Trucks and Infrastructure.
- e) \$145 million Greenhouse Gas Reduction Fund to CEC for Clean Trucks, Buses and Off-Road Equipment.
- f) \$60 million Greenhouse Gas Reduction Fund to CARB/California State Transportation Agency (CalSTA) for Community-Based Plans, Projects and Support/Sustainable Community Strategies.

39) Appropriates \$100 million General Fund for the Clean Energy Reliability Investment Plan (CERIP), which includes:

- a) \$32 million to Department of Water Resources (DWR) for central procurement function.
- b) \$11 million to the Governor's Office of Business and Economic Development (GO-Biz) for permitting/interconnection.

- c) \$4 million to CEC for transmission.
- d) \$19 million to CEC for Demand Side Grid Support (DSGS).
- e) \$1 million to CEC for administration.
- f) \$33 million to California Public Utilities Commission (CPUC) for community solar.

Agriculture

- 40) Appropriates \$75 million General Fund to the California Air Resources Board (CARB) for the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program.
- 41) Appropriates \$25 million General Fund to the California Department of Food and Agriculture (CDFA) for the Enteric Fermentation Incentive Program.
- 42) Appropriates \$35 million General Fund to CDFA for CalFresh Market Match.
- 43) Appropriates \$15 million General Fund to CDFA for Farm to Community Food Hubs.
- 44) Appropriates \$8.9 million General Fund to CDFA for Healthy Refrigeration Grants.
- 45) Appropriates \$5.8 million General Fund to CDFA for Urban Agriculture.
- 46) Appropriates \$4.7 million General Fund to CDFA for New and Beginning Farmer Training.
- 47) Appropriates \$5 million General Fund to CDFA for Organics Transition.

Health

- 48) Appropriates \$7.2 billion from the Managed Care Enrollment Fund, which receives revenue from the Managed Care Organization provider tax (MCO Tax), which may be used for: the non-federal share of increased capitation payments to Medi-Cal managed care plans to account for the amount of the tax, the non-federal share of capitation payments for beneficiaries in the Medi-Cal program, and transfers to the Medi-Cal Provider Payment Reserve Fund to make critical investments in the Medi-Cal program.
- 49) Transfers \$1 billion from the Managed Care Enrollment Fund to the Medi-Cal Provider Payment Reserve Fund to support critical investments in the Medi-Cal program.
- 50) Transfers \$250 million of General Fund to the Medi-Cal County Behavioral Health Fund to support implementation of the California Advancing and Innovating Medi-Cal (CalAIM) initiative's Behavioral Health Payment Reform, without repayment of these funds by counties.
- 51) Appropriates \$82.5 million from the Health Care Affordability Reserve Fund to support state subsidies for consumers in the Covered California health benefit exchange, beginning in the 2024 coverage year.

- 52) Appropriates up to \$2 million from the Health Care Affordability Reserve Fund annually to support health care coverage for striking workers, pursuant to AB 2530 (Wood), Chapter 695, Statutes of 2022.
- 53) Reverts \$8.1 million General Fund and appropriates \$8.1 million Mental Health Services Fund to the California Health and Human Services Agency (CalHHS) to support the Children and Youth Behavioral Health Initiative.
- 54) Shifts \$14 million of General Fund support to Mental Health Services Fund for psychiatry workforce programs at the Department of Health Care Access and Information (HCAI).
- 55) Shifts \$10 million of Managed Care Fund to Mental Health Services Fund to support a third-party administrator to manage claims related to behavioral health services provided on school campuses under the Children and Youth Behavioral Health Initiative.
- 56) Appropriates \$20 million Mental Health Services Fund to support Department of Health Care Services (DHCS) implementation activities related to the Administration's Behavioral Health Modernization proposal.
- 57) Appropriates \$3.9 million General Fund to allow a phase-in of only 20 percent for licensing and certification fees on residential and outpatient substance use disorder facilities.
- 58) Appropriates \$10 million General Fund to support health care navigators.
- 59) Appropriates \$40 million General Fund to support the CalAIM Providing Access and Transforming Health (PATH) program to build out Enhanced Care Management and Community Supports.
- 60) Appropriates a total of \$265 million to support Behavioral Health Bridge Housing in 2023-24 and partially reverse the delay of support for the program into 2024-25.
- 61) Includes provisional budget bill language to ensure stable funding of \$30 million annually, from a combination of General Fund and Proposition 56 tobacco tax revenue, to support the Office of Oral Health at the Department of Public Health.
- 62) Reappropriates unspent funding from the 2022 Budget Act related to the state's response to the Mpox outbreak.
- 63) Appropriates \$200,000 Mental Health Services Fund to support a study on universal mental health screening of children and youth.
- 64) Provides \$15 million in reimbursement authority for the Mental Health Services Oversight and Accountability Commission to support an interagency agreement with DHCS to expand evidence-based and community-defined behavioral health programs as part of the Children and Youth Behavioral Health Initiative.

Human Services and Child Care

- 65) Includes a total of \$1.4 billion to supplement reimbursement rates for all subsidized child care providers, inclusive of ongoing collective bargaining between the state and Child Care Providers United.
- 66) Includes \$18.4 million for the Master Plan for Aging Advancing Older Adult Behavioral Health initiative, with funding provided to community-based partners for capacity building grants to combat isolation and reduce stigma in older adult behavioral health.
- 67) Includes \$1.5 million for the California Department of Social Services (CDSS) to analyze the costs and benefits of approaches that transition collective bargaining with In-Home Supportive Services (IHSS) providers from the current model to a statewide and/or regional model.
- 68) Allows the Department of Finance to authorize the transfer of funds between CDSS and the California Department of Education (CDE) for the costs of the administration and implementation of the Summer Electronic Benefit Transfer program established pursuant to Section 1762 of Title 42 of the United States Code.
- 69) Removes the \$3 million for automation and other implementation costs necessary to implement the California Antihunger Response Program to provide food assistance to individuals who had their CalFresh benefits discontinued as the result of federal time limits.
- 70) Removes the \$10 million for the first phase of the Reimagine CalWORKs effort, which is a multi-year implementation effort that seeks to transform CalWORKs participation requirements with the intention that the program be family-centered, anti-racist, and participant-inclusive

Housing and Homelessness

- 71) Revises the allocation of “bonus” funds from Rounds 3 and 4 of the Homeless Housing, Assistance, and Prevention (HHAP) Program to move disbursement of \$100 million up to 2023-24 and \$260 million up to 2024-25 for support of local homelessness reduction efforts.
- 72) Includes intent language to support a sixth round of HHAP funding.

Corrections, Public Safety and the Judiciary

- 73) Shifts \$19.6 million for three courthouse capital outlay projects from bond funding to General Fund, including the New Sixth Appellate District Courthouse, the New Nevada City Courthouse, and the San Bernardino County Juvenile Dependency Courthouse Addition and Renovation.
- 74) Realigns \$8 million General Fund provided for legal assistance in cases with claims under the Racial Justice Act, including shifting \$2 million from the Judicial Council to the Office of the State Public Defender and other technical changes.

- 75) Shifts \$4 million for Gun Violence Restraining Order and Domestic Violence Restraining Order education and outreach from federal reimbursement to General Fund, and shifts the administering entity from the Judicial Branch to the Office of Emergency Services.
- 76) Shifts \$21 million General Fund for prohibited firearm relinquishment from the Judicial Branch to the Office of Emergency Services for a gun buyback program.
- 77) Clarifies the distribution of the \$1.2 million General Fund backfill provided for the elimination of additional criminal fees.
- 78) Appropriates \$40 million General Fund to the Board of State and Community Corrections for the Public Defense Pilot Program.
- 79) Provides \$557,000 General Fund to the Department of Justice for settlement payments.
- 80) Provides \$750,000 General Fund to establish the Children's Data Protection Working Group at the Department of Justice.
- 81) Appropriates \$360.6 million Public Buildings Construction Fund and shifts \$20 million General Fund from support to capital outlay for infrastructure projects at San Quentin Rehabilitation Center.
- 82) Provides \$15 million for the Comprehensive Employee Health Program at the Department of Corrections and Rehabilitation.
- 83) Provides \$3.1 million for the Department of Corrections and Rehabilitation to pursue Joint Commission Accreditations.
- 84) Includes various reappropriations and other technical and clarifying changes.

Labor and Workforce

- 85) Amends provisional language for the one-time \$306 million Unemployment Compensation Disability Fund loan to the General Fund for the state's Unemployment Insurance loan interest payment.
- 86) Shifts the fund source for the Low Carbon Economy Grant Program from General Fund to Greenhouse Gas Reduction Fund.
- 87) Amends grant provisions for the Healthy Economies Adapting to Last grant program.
- 88) Shifts the fund source from Labor and Workforce Development Fund to Labor Enforcement and Compliance Fund for the \$2 million appropriation for worker outreach as well as recruitment, hiring, and retention efforts to increase staffing levels at the Division of Labor Standards and Enforcement.
- 89) Amends grant provisions for the Workers Rights Enforcement Grant Program. The program will provide grants to eligible public prosecutors to defray costs expended on state labor law enforcement and serves the public purpose of enhancing labor law

enforcement to assist workers in combating wage theft, prevent unfair competition, and protect state revenue. The Department of Industrial Relations will award grants on a competitive basis.

- 90) Renames the California COVID-19 Workplace Outreach Program to the California Workplace Outreach Program.
- 91) Removes the \$500,000 General Fund appropriation to the Labor and Workforce Development Agency for a working group on UI benefits for excluded workers.
- 92) Removes the \$10 million General Fund appropriation for a technical assistance program to assist eligible low-income household domestic service employers.
- 93) Makes various technical changes and clarifies administrative costs for various programs.

Transportation

- 94) Appropriates \$2 billion to California State Transportation Agency (CalSTA) for Population-Based Transit and Intercity Rail Capital Program (TIRCP) (\$4 billion total through 2024-25).
- 95) Appropriates \$410 million to CalSTA for Zero Emission Transit Capital Program (\$1.1 billion total through 2026-27).

Economic Development

- 96) Clarifies that, in addition to allocating \$50 million to the Fresno Infrastructure Plan in 2023-24, it is the intent of the Legislature to allocate \$100 million to the Plan in both 2024-25 and 2025-26.
- 97) Revises funding for the CalCompetes Grant Program from \$40 million to \$120 million with direction to prioritize proposals that leverage federal subsidies for domestic production of microchips.
- 98) Increases funding for the CalVolunteers – Youth Job Corps from \$50 million to \$78.1 million.
- 99) Doubles funding for the CalVolunteers – Climate Action Corps through an increase of \$4.7 million.
- 100) Revises funding for the establishment of an Information Technology Unit in the Governor's Office of Planning and Research from \$3.9 million and 10 positions to \$5.3 million and 15 positions.
- 101) Funds the relaunch of the Made in California program in the amount of \$1.54 million, with associated easing of the requirements for products to qualify for the program label.
- 102) Establishes the intent of the Legislature to allocate \$85 million to the Foreclosure Intervention and Housing Preservation Program (FIHPP) in 2024-25.

- 103) Provides \$5 million for an outreach and media campaign to attract businesses and visitors to California as a haven for civil rights and reproductive freedom.
- 104) Removes \$1 million for the establishment of an equity-in-investing reporting program for venture capital in the Civil Rights Department.

General Government

- 105) Appropriates \$16.6 million to the State Controller's Office for initiatives related to FI\$Cal, the Book of Record, and the Annual Comprehensive Financial Report.
- 106) Appropriates \$16.8 million to the State Controller's Office for Department Agency Readiness Teams activities in support of the California State Payroll System Project.
- 107) Reappropriates \$6 million from the Budget Act of 2022 for the Privacy Protection Agency in support of a statewide media campaign to support consumer protection and awareness.
- 108) Appropriates \$20.5 million to the Department of Alcoholic Beverage Control for Administrative Support for Evolving Program Operations.
- 109) Creates a new Federal Expenditure Item for the Department of Technology to receive federal grant funding related to Broadband.
- 110) Appropriates \$50 million Technology Services Revolving Fund to the Department of Technology for Vendor Hosted Subscription Services.
- 111) Appropriates \$2.5 million to the Department of General Services for implementation of SB 1203 (Becker), Chapter 368, Statutes of 2022.
- 112) Appropriates \$1.2 million to the Military Department for creek embankment repairs at San Luis Obispo.
- 113) Appropriates approximately \$750 million for a variety of legislative priorities.

Fiscal Effect: This bill, when combined with SB 101 (Skinner), and various trailer bills, reflects a state spending plan that totals \$310.8 billion, of which \$225.9 billion is from the General Fund.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 103 **Hearing Date:** June 26, 2023
Author: Ting
Version: June 24, 2023 Amended
Urgency: No **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Budget Acts of 2021 and 2022

Summary: This bill is a Budget Bill Junior associated with the Budget Acts of 2021-22 and 2022-23. This bill makes technical and substantive changes to the two Budget Acts.

Proposed Law: On June 15, 2023, the Legislature passed SB 101 (Skinner), which represented the Legislature's budget. This bill makes changes to the Budget Acts of 2021-22 and 2022-23. Specifically, this bill:

- 1) Amends the Budget Act of 2022-23 to:
 - a) Clarify that the Judicial Council may use funding provided in the budget for the interstate judicial training program;
 - b) Delay the report on the Veterans Healing Veterans program at the Department of Corrections and Rehabilitation until December 1, 2027;
 - c) Include provisional language on the use of \$40 million General Fund, already provided in the Budget Act of 2022, to the Department of Corrections and Rehabilitation for community correctional reentry centers;
 - d) Provide \$60 million Greenhouse Gas Reduction Fund to the California Energy Commission for the Equitable Building Decarbonization Program;
 - e) Identify \$343.1 million of funding already included for the Department of Education in the Budget Act of 2022 for child care rate increases pursuant to the 2023 budget package education trailer bill and \$20,000 for related administrative costs;
 - f) Extend the encumbrance deadline for the Department of Education for school bus training and acquisition, transition services for disabled students, mathematics curriculum, assistance to basic aid districts impacted by wildfires, and litigations costs related to the COVID-19 pandemic;
 - g) Include \$654,000 of additional federal funds for language acquisition services at the Department of Education;

- h) Make technical changes to legislative priorities included in the Budget Act of 2022;
- 2) Amends the Budget Act of 2021-22 to:
- a) Adjust provisional language related to the Individualized Education Program to raise the amount of indirect cost rate for the contract entity to exempt the contract from the public contract code; and
 - b) Extend the encumbrance and expenditure period, until June 30, 2024, for funding provided in the Budget Act of 2021-22 to the Department of General Services for the STEM Teacher Grant Recruitment program to allow funds to be used for local assistance and administrative costs.

This bill amends the Budget Acts of 2021-22 and 2022-23 to conform to the budget agreement reached between the Administration and the Legislature. The resulting amendments are mostly technical and any changes to funding are reflected in the overall scoring of the 2023 budget package.

This bill provides \$128.7 million in additional funding (\$13.5 million General Fund) for the 2022-23 budget. This funding is assumed within scoring of the overall 2023 budget three-party agreement.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 114 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: No **Fiscal:** Yes
Consultant: Yong Salas

Subject: Education finance: education omnibus budget trailer bill

Summary: This bill provides for statutory changes necessary to enact the K-12 and child care related statutory provisions of the Budget Act of 2023.

Proposed Law: This bill, as part of the 2023-24 Budget Package, makes statutory changes to implement the 2023-24 Budget Act. Specifically, this bill:

- 1) Fully funds the Local Control Funding Formula (LCFF) and funds an 8.22 percent cost-of-living-adjustment. The budget uses a total of \$1.7 billion in one-time funds to pay for LCFF costs in the 2022-23 and 2023-24 fiscal year.
- 2) Includes \$300 million ongoing Proposition 98 General Fund, distributed through the equity multiplier formula, to local educational agencies with school sites that have prior year non-stability rate of 25 percent as identified through the Stability Data File, and also have 70 percent of its students who are socio-economically disadvantaged.
- 3) Makes several changes to the TK-12 accountability system:
 - a) Requires local educational agencies that have the lowest performing pupil subgroups to provide specific actions to address these pupil subgroups.
 - b) Requires local educational agencies with schools receiving equity multiplier funds to provide focused goals.
 - c) Establishes equity leads in the statewide system of support.
 - d) Requires a mid-year update on the local control and accountability plan on the progress at a public meeting.
 - e) Provides additional assistance to local educational agencies that are unable to submit data to CALPADS.
 - f) Provides an additional opportunity for struggling school districts to work with county offices of education that are geographic leads to improve pupil outcomes.
 - g) Requires local educational agencies to include information about the technical assistance it receives on its local control and accountability plan, as applicable.

- h) Requires the Legislative Analyst's Office to provide recommendations for alternative reporting requirements for county offices of education on the local control and accountability plan.
- 4) Provides \$80 million ongoing Proposition 98 General Fund to support county court and community school operations, include declining enrollment protections, and to establish the Student Support and Enrichment Block Grant. Includes additional accountability measures for court and community schools, as follows:
- a) Requires collaboration between county probation departments and county offices of education, and in partnership with the community colleges, California State University, or the University of California, to ensure access for juveniles with a high school diploma or a California high school equivalency to public postsecondary academic and career technical education courses.
 - b) Require an independent evaluation of county court and community schools, due November 1, 2025.
 - c) If county superintendents and county probation officers enter into a memorandum of understanding, require that provisions related to intake evaluation processes, transition plans, and others be included, and require the memorandum of understanding be posted on the county office of education website.
 - d) Require annual reporting of data regarding justice-involved youth.
 - e) Convenes an Individuals with Disabilities Education Act workgroup to provide recommendations related to county court and community schools.
 - f) Improves better transparency of funds allocated to county offices of education.
- 5) Increases the base grant for county offices of education to provide differentiated assistance to school districts from \$200,000 to \$300,000, for a budget year cost of \$11.9 million ongoing Proposition 98 General Fund.
- 6) Delays the recommendations of the Universal Preschool Workgroup from January 15, 2023 to March 31, 2024.
- 7) Makes technical changes to the Prekindergarten Planning and Implementation Grant, and allows the Department of Education to allocate or prorate returned and unallocated funds.
- 8) Makes changes to the Expanded Learning Opportunities Program, as follows:
- a) Requires third-party operators of expanded learning opportunity programs to immediately report to its local educational agency partners of any health or safety-related issues.
 - b) Exempts expanded learning opportunity programs from licensing requirements.
 - c) Requires current license holders under the Community Care Licensing Division at the Department of Social Services to continue to maintain its license if it provides expanded learning services until June 30, 2024.

- d) Requires the Department of Education, in consultation with the Department of Social Services, to establish a process and a timeline for local educational agencies that have contracted with third-party providers to operate expanded learning opportunity programs and California State Preschool programs to submit program information to the Department of Social Services.
 - e) Requires the Department of Education, in consultation with the Department of Social Services, to submit a report the Legislature on information about expanded learning opportunity program providers, as specified.
 - f) Makes other technical amendments.
- 9) Makes clarifying amendments with regard to the Dream Resource Centers as part of the Community Schools program.
 - 10) Delays \$550 million for the Preschool, Transitional Kindergarten, and Full Day Kindergarten Facility Grant program to 2024-25.
 - 11) The budget, in addition to funds appropriated in the 2023 Budget Act, includes a total delay of \$1.1 billion to the Learning Recovery Emergency Block Grant.
 - 12) Prohibits the State Board of Education from granting waivers related to transitional kindergarten.
 - 13) Allows charter schools whose petitions expire between January 1, 2024 and June 30, 2027 to be extended by one year.
 - 14) Requires the Legislative Analyst and the Fiscal Crisis and Management Assistance Team to study and provide recommendations to the Legislature, the Department of Education, Department of Finance and the State Board of Education on the funding for nonclassroom-based charters.
 - 15) Abolishes the Test Development and Administrative Account, and absorbs remaining funds into the Teacher Credentials Fund.
 - 16) Further defines the resolution process when overpayment of an employee's wages by a local educational agency employer occurs.
 - 17) Allows the Commission on Teacher Credentialing to issue a comparable credential for military spouses and partners of servicemembers who are assigned to California.
 - 18) Clarifies the intent of the Legislature on how classified employees are defined for purposes of the Classified Employee Summer Assistance program.
 - 19) Makes clarifying and technical amendments to the Teacher and School Counselor Residency Grant Program.
 - 20) Makes the following changes to transitional kindergarten programs:

- a) Extends the August 1, 2023 deadline for credentialed teachers to earn 24 units, or its equivalent, or a child development teacher permit or an early childhood education specialist credential, to August 1, 2025.
 - b) Requires transitional kindergarten classrooms to maintain 1 adult to 10 students in 2025-26, and states legislative intent to appropriate funds for this purpose.
 - c) Allows local educational agencies to enroll children whose fourth birthday falls between June 2 and September 1, or early enrollment children, as long as: (1) the classrooms that include early enrollment children meet a 1:10 adult-to-pupil ratio, (2) class sizes remain below 20 students, and (3) to the extent possible, teachers have earned 24 units or its equivalent or a child development teacher permit or an early childhood education specialist credential. Imposes fiscal penalties if the ratio or class size requirements are not met for transitional kindergarten classrooms that include the early enrollment children.
- 21) Provides \$3.5 million ongoing Proposition 98 General Fund to county offices of education to distribute opioid antagonists, with the intent that it complement efforts of the Naloxone Distribution Project.
- 22) Authorizes a data sharing partnership between the California College Guidance Initiative and the California Student Aid Commission.
- 23) Appropriates \$20 million Proposition 98 General Fund one-time for the Bilingual Teacher Professional Development Grant.
- 24) Shifts \$1 billion Proposition 98 General Fund from the Hybrid and Zero-Emission Truck and Voucher Incentive Project and for related infrastructure to 2024-25 and 2025-26.
- 25) Reduces the appropriation for the School Facility Program from \$4.2 billion to \$4.1 billion General Fund.
- 26) Reduces the appropriation for the Arts, Music, and Instructional Materials Discretionary Block Grant from \$3.48 billion to \$3.28 billion Proposition 98 General Fund.
- 27) Modifies the Golden State Teacher Grant program to allow participants to serve at preschools, and expands program eligibility to institutions that offers services online to students, are accredited by the Western Association of Schools and Colleges, and offers a professional preparation program approved by the Commission on Teacher Credentialing as of January 1, 2023, among other requirements.
- 28) Makes technical and clarifying changes regarding the list of schools that the Superintendent of Public Instruction identifies for inspection for purposes of the Williams settlement.
- 29) Codifies current practices stemming from updates to teacher assignment monitoring outcomes reporting requirements related to the federal Every Student Succeeds Act and clarifying the roles of the Commission on Teacher Credentialing and Department of Education around data reporting on educator credentialing and assignment.

- 30) Requires the Commission on Teacher Credentialing to examine and determine the feasibility of expanding online services to perform transcript review to assess basic skills requirements and subject matter competence for all candidates to complete their credentialing requirements.
- 31) Requires an expert panel to approve a list of screening instruments to assess pupils in kindergarten through second grade for risk of reading difficulties, and appropriates \$1 million for this purpose. Requires local educational agencies serving pupils in kindergarten through second grade to screen pupils for risk of reading difficulties using the instruments they will adopt from the approved list beginning no later than the 2025-26 school year.
- 32) Extends the moratorium on the creation of new single-district Special Education Local Plan Areas (SELPA) by two years to June 30, 2026.
- 33) Limits the amount of additional funding that SELPA are allowed to retain for non-direct student services before allocating special education base funding to member local educational agencies, for the 2023-24 fiscal year.
- 34) Appropriates \$250 million to expand the Literacy Coaches and Reading Specialists Grant Program, and makes clarifying amendments to the existing Literacy Coaches and Reading Specialists Grant program.
- 35) Authorizes the Commission on Teacher Credentialing to waive the Teaching Performance Assessment requirement for educators who were unable to meet the requirement during the COVID-19 pandemic and who completed a Commission-approved induction program or completed two years of satisfactory teacher evaluations.
- 36) Establishes the Diverse Education Leaders Pipeline Initiative.
- 37) Appropriates \$7 million one-time Proposition 98 General Fund to provide support for local educational agencies opting to implement the Restorative Justice best practices that will be developed and posted on the Department of Education's website by June 1, 2024.
- 38) Appropriates \$1 million to establish the Literacy Roadmap.
- 39) Makes other various technical amendments.

Fiscal Effect: This bill 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

2023 - 2024 Regular

Bill No: AB 115 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: No **Fiscal:** Yes
Consultant: Yong Salas

Subject: Arts and Music in Schools—Funding Guarantee and Accountability Act: local control and accountability plan electronic template

Summary: This bill provides for statutory changes necessary to enact the K-12 and Child care related statutory provisions of the Budget Act of 2023.

Proposed Law: This bill, as part of the 2023-24 Budget Package, makes statutory changes to implement the 2023-24 Budget Act. Specifically, this bill.

- 1) Allows for Proposition 28 Arts and Music Funding Guarantee entitlement payments to be issued through the Department Principal Apportionment program.
- 2) Provides a feasible way to calculate funds for and issue funds to preschool programs.
- 3) Clarifies:
 - a) Terms defined for the purpose of the three-year time limit on use of funds.
 - b) The Department's authority to collect data on unexpended funds from local educational agencies.
 - c) The Department's authority to recover unexpended funds back to the state.
- 4) Reflects technical corrections for references to annual certification and the good cause waiver.

Fiscal Effect: This bill appropriates \$148,000 ongoing Proposition 98 General Fund to contract with the San Joaquin County Office of Education for the maintenance and support of the Local Control and Accountability Plan Electronic Template System and the database and reporting interface established pursuant to Chapter 24 of the Statutes of 2020,

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 116 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elizabeth Schmitt

Subject: Early childcare and education

Summary: Provides for statutory changes necessary to enact child care related provisions of the Budget Act of 2023.

Background: As part of the 2023-24 budget package, this bill makes statutory changes to implement the budget act.

Proposed Law: This bill includes the following provisions:

- 1) **Child Care and Preschool Family Fees.** Enacts permanent family fee reform beginning October 1, 2023. Under the new family fee structure, families below 75 percent of state median income will pay no fee for subsidized child care, and families at or above 75 percent state median income will pay fees capped at one percent of monthly income. Allows family fees accrued but uncollected prior to October 1, 2023 to be forgiven. Appropriates \$56 million from the General Fund to the Department of Social Services to reimburse child care providers for family fees waived or reduced.
- 2) **Children with Exceptional Needs.** Shifts implementation for California state preschool programs to enroll 7.5 percent of their funded enrollment with children with exceptional needs beginning July 1, 2023 to June 30, 2024, and enroll 10 percent of its funded enrollment with children with exceptional needs beginning July 1, 2024, by two years.
- 3) **Preschool prioritization.** Shifts prioritization to include three-year-olds and four-year-olds for the third priority for services provided by California state preschool programs.
- 4) **Reimbursement rates.** Removes the statutory cost-of-living adjustment for child care and state preschool programs, and states legislative intent to adjust reimbursement rates for all programs subject to a ratified agreement and future legislation.
- 5) **Public Records Act Exemption for Child Care Providers United Collective Bargaining.** Updates statute to carry over the Public Records Act exemption for collective bargaining related to child care.
- 6) **Alternative Methodology for setting child care reimbursement rates.** Requires the Department of Social Services (CDSS), in collaboration with the Department of Education (CDE), to develop and conduct an alternative methodology to inform the setting of reimbursement rates for subsidized child care. Requires the alternative

methodology to build on the recommendations of the Rate and Quality workgroup convened in 2022 and the recommendations of the Joint Labor Management Committee of the state and Child Care Providers United. Defines “alternative methodology” as a cost-based method, including a cost estimation model, on which to base payment rates pursuant to federal regulations. States the intent of the Legislature to utilize an alternative methodology to inform the setting of reimbursement rates for subsidized child care. States that reimbursement rates are subject to agreement and codification by the Legislature.

- 7) **Alternative Payment Program (APP) reimbursement rate categories.** Clarifies that a license-exempt provider is not required to submit a copy of their rate sheet. Clarifies that reimbursement for licensed providers is based on the category that matches what the provider charges private pay families, and that reimbursement for license-exempt providers shall be based on the category that results in higher reimbursement. Makes other technical and conforming changes.
- 8) **Income Verification.** Provides that, when a family experiences income fluctuation, a family may choose to provide up to the 12 preceding months of income information. Requires monthly income to be determined by averaging the total countable income from at least two months to determine average adjusted monthly income for purposes of determining income eligibility or calculating a family fee.
- 9) **Inter-agency contract adjustments.** Provides technical clean-up to align California State Preschool Program requirements with child care and development program requirements by including authority for inter-agency adjustments between different contractors with the same type of contract. This authority promotes utilization of child care and development funding and allows for matching of unused funds with identified service needs.
- 10) **Child Care Pilot extension.** Extends individualized child care pilot projects in the Counties of Alameda, Contra Costa, Fresno, Marin, Monterey, San Benito, San Diego, Santa Clara, Santa Cruz, Solano, and Sonoma for one year.
- 11) **Temporary extension of hold harmless policies.** Provides that all child care providers shall be reimbursed at 100 percent of the contract maximum reimbursable amount or net reimbursable amount or net reimbursable program costs, whichever is less, through September 30, 2023. Allocates \$22 million for this purpose.

Fiscal Effect: Provides an appropriation of \$56 million General Fund to the Department of Social Services to reimburse child care providers for family fees waived or reduced.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 117 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Christopher Francis

Subject: Higher Education

Summary: This bill makes necessary changes to implement the higher education provisions adopted as a part of the Budget Act of 2023.

Proposed Law: This bill makes various statutory changes to the higher education provisions of the 2023-24 budget. Specifically, this bill:

- 1) **Higher Education Student Housing Grant Program.** Specifies University of California (UC), California State University (CSU), and California Community College (CCC) campuses to receive funding in the next round of the program and shifts the fund source for prior, new, and future construction projects from General Fund to bonds.
- 2) **Student Housing Revolving Loan Fund (Fund).** Includes \$200 million General Fund in 2023-24 and \$300 million annually from the 2024-25 to 2028-29 fiscal years per year for the purposes of this program. The Fund, created in the Budget Act of 2022, will provide zero-percent interest loans to qualifying campuses of the UC, CSU, and CCC for construction of affordable housing projects.
- 3) **Debt Free College for CCC current and former foster youth.** Amends the Student Success Completion Grant so that students who are current or former foster youth receive \$5,250 per semester, or quarterly equivalent, for 12-15 units of study to cover their unmet need.
- 4) **Debt Free College for UC and CSU current and former foster youth.** Covers the total cost of attendance for CSU and UC students who are current or former foster youth by providing these students with their full Middle Class Scholarship (MCS) award amount.
- 5) **Middle Class Scholarship (MCS) Clean Up.** Commencing with the 2023-24 academic year, exempts emergency housing assistance and emergency basic needs assistance that are only in excess of the student contribution amount of \$7,898 from the MCS award calculation. Commencing with the 2024-25 academic year, incorporates in the calculation of MCS award amounts, institutionally operated non-need-based scholarships in the category of scholarships that are only in excess of the student contribution amount of \$7,898. Adds clarification language to ensure that a student's gift aid does not exceed the allowable gift aid under federal regulations.

- 6) **California Student Aid Commission Regulatory Authority for MCS.** Authorizes the Commission to adopt regulations, as it deems necessary, for the implementation of MCS.
- 7) **CCC Growing, Educating and Maintaining the Nursing Workforce.** Appropriates, subject to future legislation, \$60 million per year for five years, starting in the 2024-25 fiscal year to expand nursing programs and Bachelor of Science in nursing partnerships to grow, educate, and maintain the next generation of registered nurses through the community college system.
- 8) **Recruitment and Retention Initiatives Reduction.** Reduces the amount scored to 2022-23 from \$150 million to \$94.163 million Proposition 98 General Fund.
- 9) **Deferred Maintenance Reduction.** Includes a net reduction of \$494.281 million one-time Proposition 98 General Fund based on reductions and appropriations scored to the 2021-22, 2022-23, and 2023-24 fiscal years.
- 10) **CCC Flexible Spending.** Allows districts to spend remaining amounts for the following purposes: 1) Recruitment and retention initiatives, 2) all purposes within the \$650 million CCC COVID-19 Recovery Block Grant that was included in the 2022 Budget Act, and 3) the CCC Deferred Maintenance categorical program. Conforms funding for these purposes to the final Proposition 98 package adopted in the budget agreement.
- 11) **CCC Strong Workforce Program (SWP).** Clarifies that districts may use their SWP funds (1) to enhance student services, (2) to cover fees charged by a third party for student certifications and licensing, and (3) for work-based learning.
- 12) **CCC Students on Board of Governors (Board) Support.** Provides the Chancellor's Office with the authority to provide student members of the Board of Governors \$4,000 in financial assistance per semester, or quarterly equivalent, for each year of a student member's term. This financial assistance shall be in addition to any need-based financial assistance from other sources, as well as any private grants and scholarships, that the student receives.
- 13) **Online and Hybrid Education Review and Recommendations.** Appropriates \$500,000 Proposition 98 General Fund to the Chancellor's Office of the CCC to enter into a memorandum of understanding with a third-party research institution to conduct a systematic review of online and hybrid education at community colleges throughout the state.
- 14) **CalFresh Campus-county Data Sharing.** Requests information from CCC campuses about current data sharing agreements with counties to improve student access to the CalFresh program and efforts to enact data-sharing agreements.
- 15) **Cal Grant Priority Application Deadline Extension.** Extends the Cal Grant priority deadline given the pending but delayed launch of new simplified, federal Free Application for Federal Student Aid (FAFSA) forms. The federal FAFSA Simplification Act will be a significant overhaul of the processes and systems used to award federal student aid starting with the 2024-25 award year. Traditionally, October 1, 2023 would be the launch date for the 2024-25 FAFSA period but recent communications with the

state suggest that a delay to January 1, 2024 could occur. Because of the delayed launch and uncertainty, a filing period that is up to three months shorter may occur and result in more students without Cal Grants that would have otherwise qualified.

- 16) **AB 132 (Committee on Budget), Chapter 144, Statutes of 2021 Sunset Extension.** Includes trailer bill language that amends Section 66021.9 of the Education Code by extending by four years, until June 30, 2027, the ability for UC to provide scholarships from non-state funds to students. This was previously extended in AB 132 until June 30, 2023.
- 17) **Los Angeles Community College District Small Business Entrepreneurship and Innovation Center at East Los Angeles College.** Appropriates \$2.5 million Proposition 98 General Fund to support this center.
- 18) **Cohort Default Rate for Cal Grant Institutional Eligibility.** Requires the California Student Aid Commission to use the cohort default rate from 2020 (instead of the most recent rate) to determine whether an institution is eligible to participate in the Cal Grant program in the 2024-25 award year. Institutions are required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.
- 19) **Cal Grant Private, Nonprofit Award Clarification.** Clarifies that the maximum award amount is maintained at \$9,358 in 2023-24.
- 20) **CCC Full-Time (FT) Faculty.** Requires community college districts, as a condition of receiving funding for FT Faculty, to report its progress in increasing the percentage of instruction by full-time faculty and in diversifying faculty. Requires the Chancellor's Office to, no later than May 30 of each year, synthesize the information received from the districts into a systemwide report to be posted on a public website. Requires the Chancellor's Office to establish and implement a process that verifies that district expenditures related to FT Faculty are used for that purpose. Finally, requires colleges to expand their use of best practices in terms of Equal Employment Opportunity programs to promote faculty diversity by directing the Chancellor's Office to ensure that districts are performing analyses needed to identify and determine the causes of any underrepresentation in the faculty they hire.
- 21) **Miscellaneous technical changes.** Makes a technical, non-substantive change to a 2021 Budget Act appropriation through UC.
- 22) **CalKIDS Marketing Campaign.** Provides \$8 million from previously allocated funding to support a statewide integrated marketing campaign comprised of advertising, public relations, and community outreach elements, including a focus on low-income and disadvantaged communities.
- 23) **CalKIDS Seed Deposits and Technical Clarification.** Increases the amount the Scholarshare Board can provide in seed grants for newborns from \$25 to \$100 and clarifies legislative intent that the state Department of Public Health and the Scholarshare Board enter into a data-sharing agreement that promotes data privacy and security.

Fiscal Effect: This bill is a budget trailer bill within the overall 2023-24 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

2023 - 2024 Regular

Bill No: AB 118 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: No **Fiscal:** Yes
Consultant: Scott Ogus

Subject: Budget Act of 2023: Health

Summary: This bill is an omnibus health trailer bill, and contains changes to implement the 2023-24 budget.

Proposed Law: This bill makes technical and clarifying statutory revisions affecting health programs necessary to implement the Budget Act of 2023. Specifically, this bill:

Various Agencies and Departments

- 1) Makes various changes to implementation of the state's 988 Suicide and Crisis Lifeline, including extension of meetings and operations of the 988 Advisory Group at the California Health and Human Services Agency (CalHHS) until December 31, 2024; revision of required recommendations of the advisory group related to mobile crisis services, system performance, and reimbursement; expansion of reporting requirements for entities funded by the 988 surcharge; and imposition of certain requirements on health plans and insurers regarding approval of claims for behavioral health services provided through the 988 system.

Emergency Medical Services Authority (EMSA)

- 2) Removes the requirement that the Director of EMSA be a physician or surgeon.
- 3) Establishes a Chief Medical Officer for EMSA, appointed by the Governor, who shall be a physician or surgeon licensed in California and who has substantial experience in the practice of emergency medicine or emergency response in California.
- 4) Requires the EMSA Chief Medical Officer to provide clinical leadership and oversight concerning treatment, education, and other matters involving medical decision-making and delivery of patient care.
- 5) Removes the requirement that EMSA incorporate the Advance Health Care Directive Registry, administered by the California Secretary of State, into the Physician Order for Life-Sustaining Treatment (POLST) eRegistry established by AB 133 (Committee on Budget), Chapter 143, Statutes of 2021.

Department of Health Care Access and Information (HCAI)

- 6) Reverts unspent General Fund expenditure authority for health care workforce programs in 2022-23. The Budget Act instead provides this expenditure authority from the General Fund and the Mental Health Services Fund in 2023-24.
- 7) Clarifies and provides additional flexibility for CalRx to procure various pharmaceutical drugs in addition to its existing efforts to manufacture generic forms of insulin.
- 8) Adds pharmacists to the definition of reproductive health care professionals for the purpose of the California Reproductive Health Service Corps.

Department of Managed Health Care (DMHC)

- 9) Authorizes DMHC to develop and require health care service plans to use certain template documents for commercial health plan products.

Department of Health Care Services (DHCS)

- 10) Establishes the Medi-Cal Provider Payment Reserve Fund to receive moneys transferred from the Managed Care Enrollment Fund related to the tax on enrollment of managed care organizations (MCO Tax).
- 11) Exempts primary care services, obstetric care and doula services, and outpatient non-specialty mental health services from reimbursement rate reductions implemented pursuant to AB 97 (Committee on Budget), Chapter 3, Statutes of 2011, and sets provider rates at the greater of 87.5 percent of rates in the Medicare program or the current rate inclusive of any reductions or supplemental payments provided through AB 97 or Proposition 56 tobacco tax revenues.
- 12) Includes, subject to appropriation by the Legislature, authority to use funds in the Medi-Cal Provider Payment Reserve Fund for the following:
 - a. Reimbursement rate increases beginning January 1, 2024, for primary care services, obstetrics and doula care services, and non-specialty mental health services.
 - b. Transfer of up to \$150 million to the Distressed Hospital Loan Program Fund in 2023-24.
 - c. Transfer of \$75 million annually to expand graduate medical education programs for primary care and specialty care physicians.
 - d. Transfer of \$50 million to the Small and Rural Hospital Relief Program in 2023-24 for seismic assessment and construction.
 - e. Increased costs for targeted increases to Medi-Cal payments or other investments, no sooner than January 1, 2025, for the following:
 - i. Primary care services
 - ii. Obstetric care and doula services
 - iii. Non-specialty mental health services

- iv. Specialty care services
 - v. Community or hospital outpatient procedures and services
 - vi. Family planning services and women's health providers
 - vii. Hospital-based emergency and emergency physician services
 - viii. Ground emergency transport services
 - ix. Designated public hospitals
 - x. Behavioral health care for beneficiaries in hospital and institutional long-term care settings
 - xi. Investments to maintain and grow the health care workforce.
- 13) Authorizes a loan of up to \$150 million from the General Fund to the Distressed Hospital Loan Program Fund as a result of cashflow needs related to delays in federal approval of the MCO Tax.
- 14) Authorizes a loan of up to \$50 million from the General Fund to the Small and Rural Hospital Relief Fund as a result of cashflow needs related to delays in federal approval of the MCO Tax.
- 15) Makes certain provisions related to provider rate increases and other Medi-Cal investments contingent on enactment of legislation implementing an MCO Tax.
- 16) Conforms state law regarding acute inpatient intensive rehabilitation services with evidence-based practice, federal Medicare policy, and current DHCS policy on medical necessity.
- 17) Removes obsolete references to imposition of an asset limit for purposes of Medi-Cal eligibility determination, upon federal approval of the elimination of the asset limit on January 1, 2024, pursuant to AB 133 (Committee on Budget), Chapter 143, Statutes of 2021.
- 18) Establishes the Medi-Cal County Behavioral Health Fund to receive funds voluntarily provided by counties through intergovernmental transfers to be used for the non-federal share of claims for federal financial participation for behavioral health services through the California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Payment Reform.
- 19) Aligns requirements for display of funding and programs in the Medi-Cal Local Assistance Estimate with current practice and federal requirements including consolidating local assistance administration costs under a single budget line item, and removing the requirement that Department of Finance produce a range of estimates of Medi-Cal expenditures and county-by-county administrative cost projections. The bill maintains the requirement to separately display rate increases.
- 20) Extends timelines for the working group to examine implementation of the doula benefit in the Medi-Cal program to cover the period April 1, 2023, until June 30, 2025, to align with implementation of the benefit one year later than originally anticipated.
- 21) Extends the time period for providers to submit timely claims for reimbursement for services under the Drug Medi-Cal program from six months to one year to align with claiming requirements for other Medi-Cal programs.

- 22) Authorizes increased reimbursement levels for primary care, obstetric care, and behavioral health services to the extent required for federal approval of federal matching funds for Designated State Health Programs.
- 23) Delays the transition into the managed care delivery system of intermediate care facilities for individuals with developmental disabilities (ICF-DDs) and subacute facilities until January 1, 2024.
- 24) Revises data reporting requirements imposed by SB 929 (Eggman), Chapter 529, Statutes of 2022, for individuals referred for involuntary holds under the Lanterman-Petris-Short (LPS) Act to require counties to collect and report data quarterly to DHCS from local entities implementing involuntary holds.
- 25) Imposes civil monetary penalties for a county that fails to submit LPS hold data timely pursuant to SB 929.
- 26) Shifts the rate year for long-term care facilities in the Medi-Cal program to a calendar year beginning January 1, 2024, to align with rate years for Medi-Cal managed care plans.
- 27) Maintains reimbursement rates for free-standing pediatric subacute care units at no less than the reimbursement rate, inclusive of federally authorized temporary increased payments, in effect on December 31, 2023.
- 28) Extends expenditure authority, the inoperative date, and the sunset date for the Medical Interpreter Pilot Project by one year.
- 29) Revises loan authority to cover provider payments in the Medi-Cal program in the event of a deficiency in budget authority from a fixed \$2 billion to 10 percent of the General Fund amount and six percent of the Federal Trust Fund amount appropriated for Medi-Cal benefit costs in the most recent Budget Act.
- 30) Requires all qualified Medi-Cal providers participating in presumptive eligibility programs to report births of any Medi-Cal eligible infant born in their facilities within 72 hours after birth or one business day after discharge, whichever is sooner, through the Newborn Hospital Gateway.
- 31) Authorizes transfer of funds from the Litigation Deposits Fund to the Opioid Settlements Fund related to the proceeds of recent legal settlements with opioid manufacturers, distributors, pharmacies, and other entities.
- 32) Revises descriptions in statute for cost-sharing provisions for individuals subject to Post-Eligibility Treatment of Income and spenddown of excess income to become eligible for the Medi-Cal program, to align with federal guidelines.
- 33) Delays certain county requirements related to foster children transferred to a setting in a different county, pursuant to AB 1051 (Bennett), Chapter 402, Statutes of 2022, for an additional year.
- 34) Requires mandatory certification of outpatient substance use disorder programs.

- 35) Requires DHCS to develop regulations on or before January 1, 2026, governing provision of alcohol or drug recovery services by driving-under-the-influence programs in virtual settings.
- 36) Expands, no sooner than January 1, 2025, the Whole Child Model (WCM) program for Medi-Cal eligible children in the California Children Services (CCS) program to include counties served by a county organized health system or Regional Health authority in the following counties: Butte, Colusa, Glenn, Nevada, Placer, Plumas, Sierra, Sutter, Tehama, Yuba, Mariposa, and San Benito.
- 37) Requires DHCS to do the following by January 1, 2025:
- a. Annually provide an analysis on trends on CCS enrollment for WCM counties and non-WCM counties in a way that enables comparison.
 - b. Develop utilization and quality measures for specialty care for WCM counties and non-WCM counties in a way that enables comparison.
 - c. Implement quality improvement strategies on WCM plans subject to one or more findings in the most recent annual medical audit pertaining to access or quality of care.
- 38) Requires WCM plans to ensure a CCS-eligible child has a primary point of contact responsible for the child's care coordination.
- 39) Requires WCM plans to support established referral pathways in non-WCM counties including, but not limited to, identifying children who may be eligible for CCS through internal reports, provider directed referrals, or direct referrals from a Medi-Cal managed care plan.
- 40) Extends the sunset date of the Whole Child Model stakeholder advisory group until December 31, 2026.
- 41) Requires, beginning January 1, 2025, mandatory enrollment of foster children into WCM in counties operating a Single Plan model of care, and requires plans to comply with access requirements and use the existing Intercounty Transfer process when a beneficiary moves from one county to another.

California Department of Public Health (CDPH)

- 42) Transfers administration of a grant program to reduce fentanyl overdoses from CalHHS to CDPH and requires CDPH to submit an interim report on the progress of the program by January 1, 2026, with a final report required by January 1, 2028.
- 43) Revises the denial, suspension, and revocation procedures, and expands civil penalties, associated with certain licenses and certifications authorized by the Radiologic Health Branch at CDPH to align with criteria used by the relevant professional boards and certification programs.

44) Removes the \$130,000 limit for awards for projects to improve quality of care and quality of life for long-term health care facilities' residents, derived from the Federal Health Facilities Citation Penalties Account.

Department of State Hospitals (DSH)

45) Provides access for DSH to Criminal Offender Record Information for purposes of Incompetent to Stand Trial solutions and other mental health policy research and program evaluations.

46) Adds statutory provisions from SB 1223 (Becker), Chapter 735, Statutes of 2022, that were inadvertently chaptered out by AB 204 (Committee on Budget), Chapter 738, Statutes of 2022, relating to defendants with mental health disorders.

California Health Benefit Exchange (Covered California)

47) Authorizes the Covered California board, upon appropriation by the Legislature, to adopt a program design for a program of financial assistance to improve affordability for health care consumers.

48) Removes the authority of the Department of Finance to disapprove a program design adopted by the Covered California board for a program of financial assistance, utilizing expenditure authority appropriated by the Legislature in the annual Budget Act.

49) Beginning July 1, 2023, and every July 1 annually thereafter, deposits moneys collected from the Individual Shared Responsibility Penalty into the Health Care Affordability Reserve Fund.

50) References expenditure authority provided in the 2023 Budget Act of \$82.5 million to support a program of financial assistance in coverage year 2024, and the intent of the Legislature that \$165 million be provided annually thereafter for programs of financial assistance in subsequent coverage years.

Fiscal Effect: Authorizes the following transfers from the Medi-Cal Provider Payment Reserve Fund: 1) Up to \$150 million to the Distressed Hospital Loan Program Fund in 2023-24, 2) \$75 million annually to expand graduate medical education programs for primary care and specialty care physicians, 3) \$50 million to the Small and Rural Hospital Relief Program in 2023-24 for seismic assessment and construction.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 119 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Scott Ogus

Subject: Medi-Cal: managed care organization provider tax

Summary: This bill assesses a tax on managed care organizations to: 1) support the General Fund shortfall and achieve a balanced budget; and 2) support Medi-Cal investments to ensure access, quality and equity.

Background: Federal Medicaid regulations allow states to impose provider-related taxes on health care service providers as long as certain conditions are met. The revenue from these taxes may serve as the non-federal share of spending for health care services in a state's Medicaid program, which allows the state to draw down additional federal funding for those services. State Medicaid programs may receive federal financial participation (FFP) for expenditures using health care-related taxes, as long as the taxes are broad-based, uniformly imposed, and contain no hold-harmless provisions.

Proposed Law: This bill would assess a tax on managed care organizations operating in California to provide a stable funding source for the delivery of health care services in the Medi-Cal program, and support critical investments to ensure access, quality, and equity. Specifically, this bill:

1. Assesses an enrollment-based tax on all full-service health plans licensed by the Department of Managed Health Care (DMHC) or contracted with the Department of Health Care Services (DHCS) to provide services to Medi-Cal beneficiaries.
2. Assesses the tax, beginning April 1, 2023, through December 31, 2026.
3. Assesses the tax on a per enrollee basis for each month of enrollment in a plan, based on cumulative enrollment between January 1, 2022 and December 31, 2022 (the "base year").
4. Establishes tiered tax rates based on the level of plan enrollment, with one set of enrollment tiers applied to Medi-Cal enrollees and one set applied to all other enrollees. The tiers are as follows:

Managed Care Organization Enrollment Tax Tiers (2023-24 through 2026-27)						
	Medi-Cal Tier 1	Medi-Cal Tier 2	Medi-Cal Tier 3	Other Tier 1	Other Tier 2	Other Tier 3
<i>Enrollment:</i>	<i>Less than 1,250,000</i>	<i>1,250,001-4,000,000</i>	<i>More than 4,000,001</i>	<i>Less than 1,250,000</i>	<i>1,250,001-4,000,000</i>	<i>More than 4,000,001</i>
2023-24	\$0.00	\$182.50	\$0.00	\$0.00	\$1.75	\$0.00
2024-25	\$0.00	\$182.50	\$0.00	\$0.00	\$1.75	\$0.00
2025-26	\$0.00	\$187.50	\$0.00	\$0.00	\$2.00	\$0.00
2026-27	\$0.00	\$192.50	\$0.00	\$0.00	\$2.25	\$0.00

5. Establishes the Managed Care Enrollment Fund, into which the revenues from the tax would be deposited. The revenues deposited in the fund would be available, upon appropriation by the Legislature, to DHCS for the purposes of funding: 1) the nonfederal share of increased capitation payments to Medi-Cal managed care plans to account for their projected tax obligation, 2) the nonfederal share of Medi-Cal managed care rates for the delivery of health care services to beneficiaries of the Medi-Cal program, and 3) transfers to the Medi-Cal Provider Payment Reserve Fund to support investments in the Medi-Cal program.
6. Requires DHCS to annually report to all health plans on funds deposited in, and expended from, the Managed Care Enrollment Fund, including taxes imposed on each health plan and an itemized accounting of expenditures.
7. Authorizes DHCS to modify or make adjustments to components of the tax if necessary to meet the requirements of federal law, regulation, guidance, to obtain federal approval, or to ensure continued availability of federal financial participation for the Medi-Cal program. These modifications would only be allowed if they do not conflict with the purposes of the tax, or result in a significant increase in the aggregate tax amounts to be collected.
8. Would take effect immediately as an urgency measure.

Fiscal Effect: The tax assessed by this bill would result in total revenue of \$8.3 billion in 2023-24, \$8.5 billion in 2024-25, \$8.8 billion in 2025-26, and \$6.7 billion in 2026-27, for a total of \$32.3 billion over the tax period. After accounting for increased Medi-Cal capitation payments, the tax results in a net General Fund benefit of \$4.4 billion in 2023-24, \$5.1 billion in 2024-25, \$5.3 billion in 2025-26, and \$4.6 billion in 2026-27, for a total of \$19.4 billion over the tax period. The expected amounts of revenues, expenditures on capitation rates, net General Fund benefit, General Fund backfill, and transfer to the Medi-Cal Provider Payment Reserve Fund over the four fiscal years covering the tax period are as follows:

MCO Tax Renewal – Cash Basis by Fiscal Year					
<i>(dollars in thousands)</i>	2023-24	2024-25	2025-26	2026-27	Total
Total Revenue¹	\$8,269,212	\$8,526,680	\$8,761,784	\$6,703,584	\$32,261,260
Medi-Cal Capitation Rates²	\$3,859,656	\$3,414,943	\$3,507,447	\$2,077,488	\$12,859,534
State’s Net Benefit³	\$4,409,556	\$5,111,737	\$5,254,337	\$4,626,096	\$19,401,726
General Fund Backfill⁴	\$3,388,600	\$1,857,914	\$2,019,341	\$1,050,027	\$8,315,882
Medi-Cal Provider Payment Reserve Fund⁵	\$1,020,956	\$3,253,823	\$3,234,996	\$3,576,069	\$11,085,844

1–Total Revenue is the total amount of revenue received by the state from the tax on managed care organizations.
 2–Medi-Cal Capitation Rates is the amount paid to Medi-Cal managed care plans in their capitation rates to account for the amount of tax paid to the state. Federal regulations require capitation payments to be actuarially sound and include the cost of taxes.
 3–State’s Net Benefit is the amount of revenue received by the state, net of capitation payments paid to managed care plans.
 4–General Fund Backfill is the amount that addresses the General Fund shortfall in 2023-24 and subsequent years.
 5–Medi-Cal Provider Payment Reserve Fund would receive deposits of the remaining MCO tax revenue for investments in the Medi-Cal program, including reimbursement rate increases, support for financially distressed hospitals, assistance with seismic compliance for small and rural hospitals, workforce development programs, and other investments.

In addition, according to DHCS, the total impact of the tax on non-Medi-Cal plans would be \$20.2 million in calendar year 2023, \$26.9 million in 2024, \$30.7 million in 2025, and \$34.6 million in 2026.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 120 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elizabeth Schmitt

Subject: Human services

Summary: Provides for statutory changes necessary to enact human services related provisions of the Budget Act of 2023.

Background: As part of the 2023-24 budget package, this bill makes statutory changes to implement the budget act.

Proposed Law: This bill includes the following provisions:

- 1) **Summer Electronic Benefit Transfer (EBT) Program.** Requires the California Department of Social Services (CDSS), as the lead agency, in partnership with the State Department of Education, to maximize participation in the Summer EBT benefit program and to share data for the limited purpose of administering this program, including, but not limited to, identifying eligible students and evaluating program outcomes. The budget includes \$47 million (\$23.5 million General Fund) for Summer EBT outreach and automation costs to implement this program for children who qualify for free or reduced-price school meals beginning summer of 2024.
- 2) **Unlicensed Adoption Agency Enforcement.** Repeals the provisions relating to adoption facilitators and expressly states that an adoption facilitator that continues to operate on or after January 1, 2024 is an unlicensed adoption agency. Prohibits a person or organization from engaging in activities relating to adoption unless the person or organization has a valid and unrevoked license to operate as a licensed adoption agency that is authorized to place children for adoption, or the person or organization is exempt from licensure. Specifies the enforcement mechanisms CDSS will undertake to prevent a person or organization from performing any of the functions of an adoption agency without a valid license.
- 3) **Office of Systems Integration (OSI) Name Change to the Office of Technology and Solutions Integration.** Makes this name change in various parts of the code. The name change is intended to more accurately reflect the role and responsibilities of this office, which facilitates development and oversees implementation of major technology and automation projects integral to the delivery of social safety net benefits, within the California Health and Human Services Agency.
- 4) **Short-Term General Fund Loan Authority.** Authorizes the Director of Finance to approve a loan from the General Fund to the California Health and Human Services

Automation Fund of two hundred million dollars (\$200,000,000), if specified requirements are met.

- 5) **Administrator Certification Section Training Updates.** Deletes the classroom instruction requirement for initial certification and continuing education purposes for administrators of licensed community care facilities, and instead requires instruction that is conducive to learning and allows participants to simultaneously interact with each other as well as with the instructor. Authorizes up to one-half of continuing education hours to be satisfied through self-paced courses, rather than online courses, and makes various conforming changes.
- 6) **Home Care Program Operations.** Revises provisions of the Home Care Services Consumer Protection Act (act) relating to the licensure of home care organizations, including deleting the requirement for a home care organization licensee to provide proof of insurance and bond coverage at the time of renewal. Requires the CDSS to adopt regulations, on or before January 1, 2026, to require biennial inspections to ensure that licensed home care organizations possess those policies. Specifies that a home care organization license that is not renewed expires two years after the date of issuance. Authorizes the CDSS to prohibit an individual from becoming a registered home care aide or remaining registered on the home care aide registry under certain conditions. Authorizes General Fund to be utilized for the program.
- 7) **Home Care Fund Reporting.** Requires the CDSS to submit a report to the Legislature, by January 10, 2025, on the solvency of the Home Care Fund, including any new resources, and recommendations on a new fee structure that allows the home care program to be self-sustaining or request any additional resource needs. Requires the CDSS, beginning January 1, 2024, to submit quarterly written progress updates, including information regarding progress within the home care program, to the relevant legislative budget subcommittees and the Legislative Analyst's Office. Makes the quarterly update requirements inoperative on January 10, 2025, or when the department delivers the report on the solvency of the Home Care Fund to the Legislature.
- 8) **California Fruit and Vegetable EBT Pilot Project.** Extends the sunset date of the pilot from January 1, 2024 until January 1, 2027 and removes the requirement that agricultural products be California-grown. Extends the deadline for the CDSS to submit a report including the results of an evaluation of the pilot projects from January 1, 2022, to September 1, 2025. Requires the CDSS to submit a report to the Legislature by March 1, 2026, regarding the transition of the California Fruit and Vegetable EBT Pilot Project to a supplemental benefits program that is fully state-managed, without grantee intermediaries. The Budget Act includes \$9.9 million General Fund (\$500,000 for state operations costs and \$9.4 million for local assistance) one-time for the CalFresh Fruit and Vegetable Pilot.
- 9) **Tribally Approved Homes Modification.** Deletes a May 1 deadline for Indian tribes to enter into an agreement with the CDSS prior to the fiscal year for which funding is requested related to the Tribally Approved Homes Compensation Program. Instead requires an Indian tribe that seeks funding to submit a letter of interest each year to the department by a deadline established by the CDSS.

- 10) Tribal Dependency Representation Program Revised Methodology.** Removes the requirement in the Tribal Dependency Representation Program that the adjusted allocation be based on a methodology considering the number of Indian children in foster care or prospective adoptive placements through the juvenile court. Removes the requirement that the allocation plan be established on or before June 30, 2023.
- 11) Housing and Homelessness Programs Funding.** Authorizes the CDSS to utilize no more than \$10,500,000 of the combined one-time funds appropriated in the Budget Act of 2021 and the Budget Act of 2022 for the purposes of the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program, to contract with vendors for the purpose of establishing a system to collect data and track outcomes, and to contract with independent evaluation and research agencies to evaluate the impacts of each of those programs. Authorizes a second allocation of \$10.5 million General Fund from the 2022 Budget Act funds to contract with entities to provide technical assistance for each of the above-stated programs.
- 12) Housing and Homelessness Programs Reporting.** Requires, by February 1 of each year, the CDSS to report information on the dollar amounts and contracted entities, the number of requests for service, and the number of families or individuals approved to receive program services as applicable to the CalWORKs Housing Support Program, the Home Safe Program, the Bringing Families Home Program, and the Housing and Disability Income Advocacy Program, as well as certain information about the Community Care Expansion Program. Requires the CDSS to provide trend information on housing and homelessness needs of communities served by these programs, showing historical changes and changes over time. The budget includes \$3.5 million ongoing for permanent positions to fulfill the legislative mandates of these programs and provide critical services to individuals experiencing homelessness.
- 13) Grant Option for Deaf Access Program.** Authorizes the CDSS to administer the Deaf Access Program via grants to public agencies or private nonprofit corporations, as an alternative to contracts with those entities. Requires those contracts or grants to be competitively bid pursuant to a request for proposals or applications.
- 14) Guaranteed Income Pilot Program Payments and Operations.** Exempts all guaranteed income payments from consideration as income or resources for purposes of the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Authorizes the CDSS to implement, interpret, or make specific this provision through all- county letters or similar instructions from the department until regulations are adopted. Authorizes the CDSS to accept and expend funds from any source, public or private, to administer the program. Revises the definition of an eligible entity to also include a tribe, consortium of tribes, or tribal organization, or any combination of these entities.
- 15) Guaranteed Income Pilot Program and CalWORKs.** Requires the department's evaluation to include the applicability of the lessons learned from the pilot program for the state's CalWORKs program, with the objective of reaching the goals of improved outcomes for families and children living in poverty.

- 16)Reminder Notice for CalWORKs Redetermination.** Beginning July 1, 2024, or on the date that the CDSS notifies the Legislature that the California Statewide Automated Welfare System (CalSAWS) can perform the necessary automation to implement this change, requires, if contact is not made or the annual certificate of eligibility is not completed, the county to send a reminder notice for CalWORKs redetermination to the recipient no later than five days prior to the end of the month. Authorizes the CDSS to implement and administer these changes by all-county letters or similar directive until regulations are adopted, and requires the CDSS to adopt regulations implementing the changes no later than July 1, 2025.
- 17)Home Visiting Program (HVP) Pregnancy Eligibility Alignment.** Conforms the CalWORKs Home Visiting Program (home visiting program), a voluntary program for the purpose of supporting positive health, development, and well-being outcomes for pregnant and parenting people, families, and infants born into poverty, with enacted statute that provides aid to a pregnant person as of the date of the application for aid. As such, deletes the provision limiting eligibility for the home visiting program with respect to pregnant CalWORKs applicants who have not reached the 2nd trimester. Authorizes the CDSS to implement and administer these provisions by means of all-county letters or similar instructions from the department until regulations are adopted.
- 18)Kin-GAP Program Alignment and Technical Clarifications.** Revises provisions relating to eligibility for Kinship Guardianship Assistance Payments (Kin-GAP) and state Kin-GAP aid by defining “approved home of the prospective relative guardian,” for purposes of those programs, to include specific references to a relative approved as a resource family or a tribally approved home. With respect to state Kin-GAP, also includes within that definition the home of a relative that has been assessed by the juvenile court and into which the court has authorized placement. Revises the definition of a “relative” under Kin-GAP to include an adult who meets the definition of an extended family member under the federal Indian Child Welfare Act of 1978 (ICWA).
- 19)CalWORKs AB 85 Maximum Aid Payment Increase.** Commencing on October 1, 2023, increases the maximum aid payment (MAP) levels in effect on July 1, 2023, by 3.6 percent. This has an estimated cost of \$111.2 million in 2023-24. These increased costs are funded entirely by the Child Poverty and Family Supplemental Support Subaccount of the 1991 Local Revenue Fund.
- 20)CalWORKs Continuation of 10 Percent Increase in 2024-25 and Ongoing and Display Including AU+1.** Removes the expiration set for September 30, 2024, thereby extending indefinitely the 10 percent increase for the CalWORKs maximum aid payments currently in effect, as initially funded in the 2022 Budget Act. Additionally requires the display on grants to show the CalWORKs maximum aid payment amounts compared to 50 percent of the federal poverty level for the family size that is one greater than the assistance unit (AU), to more closely account for all of the people in the family.
- 21)Provide Housing Supplement for Foster Youth in Supervised Independent Living Placements (SILPs).** Commencing July 1, 2025, subject to an appropriation in the annual Budget Act, creates a housing supplement to the basic rate paid for a nonminor dependent placed in a supervised independent living placement. Requires the CDSS

to work with the County Welfare Directors Association of California (CWDA) and CalSAWS to develop and implement the necessary system changes to implement the housing supplement. Requires the monthly housing supplement payment to be added to the rate paid to the nonminor dependent and prorated based on the number of days in a month the dependent is in a placement eligible for the supplement. Prohibits an overpayment from being collected on this housing supplement. Requires the CDSS to calculate this housing supplement by November 1 of each year and inform county welfare agencies, by means of all-county letters or similar written instructions, in the month of July of the following year of the amount of the supplement. The Budget Act includes \$1 million in 2023-24, \$200,000 in 2024-25, and \$18.8 million in 2025-26 and on-going, all General Fund, for this purpose.

22) Report Regarding the State Supplemental Payments Maintenance of Effort.

Requires the CDSS, on or before February 1, 2024, to provide a written communication to the Joint Legislative Budget Committee and the appropriate fiscal and policy committees of the Legislature describing the process that would need to occur in order to switch the method the state uses to meet the federal maintenance of supplementary payment levels requirement for the State Supplementary Program for the Aged, Blind and Disabled from the current payment level method to the total expenditures method. Requires the written communication to include, among other things, a feasible timeline for notifying the federal Social Security Administration of the change. Makes these provisions inoperative on July 1, 2025, and repeals them as of January 1, 2026.

23) State Supplementary Program (SSP) 2024 Grant Increase. Subject to an appropriation in the Budget Act of 2023, and commencing January 1, 2024, increases the amount of aid paid under the State Supplementary Program for the Aged, Blind and Disabled (SSP) by a percentage increase calculated by the CDSS and the Department of Finance, and requires those departments to notify specified legislative committees and the Legislative Analyst's Office of the final percentage increase effectuated by the appropriation in the Budget Act of 2023 for the purposes of implementing the increase. The planned SSP increase at the 2023 May Revision is approximately 8.6 percent.

24) In-Home Supportive Services (IHSS) Provider Eligibility for Minor Recipients.

Deletes currently codified conditions under which a provider who has the legal duty to provide for the care of their child who is the recipient of supportive services may be remunerated for the services provided. This change will allow IHSS-eligible minor recipients to select a parent or a non-parent as their provider. Requires that these policy changes to minor provider eligibility guidelines are to take effect 60 days after the CDSS issues policy guidance and, if needed, fiscal guidance through all-county letters or similar written instructions. The Budget Act includes \$60.7 million (\$27.9 million General Fund) ongoing for this policy change.

25) IHSS Collective Bargaining County Penalty. Beginning October 1, 2023, increases the amount of the 1991 Realignment funding withholding from 7 percent to 10 percent of the county's prior fiscal year IHSS MOE requirement and would require that the withholding continue once each fiscal year, until the county enters into a collective bargaining agreement. Specifies the conditions under which this penalty would occur.

26)IHSS Wage Supplement. Deletes provisions of law related to the wage supplement to clarify the application of the wage supplements created as part of the IHSS Memorandums of Understanding (MOUs) between counties and IHSS provider unions.

27)IHSS Career Pathways Program Reporting Extension. Corresponding to timeline changes in Control Section 11.95 of the Budget Act pertaining to the Home and Community-Based Services (HCBS) Spending Plan, extends the deadline of the IHSS Career Pathways Program final report from December 31, 2024, to September 30, 2025. Additionally extends the operative end date of the pilot program from March 31, 2024, to March 31, 2025.

28)Extension of Flexibility in Allocation and Award of Federal Refugee Resettlement Funds. Authorizes the CDSS to allocate federal funds for refugee social services programs to private for-profit organizations. Requires the CDSS to prioritize funding qualified nonprofit organizations and counties over for-profit organizations. Requires the CDSS to track and document the funding provided to each type of service provider and the purposes the funding, was used, and to report this information to the appropriate fiscal and policy staff of the Legislature on a semiannual basis.

29)Immigration Legal Services Clean Up. Removes the requirement that contracts provide for legal services to unaccompanied minors on a fee-per-case basis and instead requires the CDSS to determine the funding method. Allows grants to be used to provide immigration benefits and authorizes the CDSS to approve a nonprofit legal service organization to receive a grant if it has at least three years of experience and has conducted trainings on immigration issues for persons beyond its staff.

30)Home Safe Program Technical Changes. Expands the definition of “adult protective services” to include activities performed in accordance with tribal law or custom, on behalf of older and dependent adults who have come to the attention of a tribe, or tribal entity or agency, due to potential abuse or neglect. Defines “older adult” for purposes of the program to mean any person residing in this state who is 60 years of age or older and, for individuals receiving services from a tribe, or tribal entity or agency, any person residing in this state within the age range established by tribal law or custom for tribal programs serving needy and vulnerable older adults. Additionally extends the exemption period for required matching funds to June 30, 2025.

31)Child Welfare Services - California Automated Response and Engagements System (CWS-CARES) Project. Replaces various references to CWS-NS with updated references to the Child Welfare Services – California Automated Response and Engagement System (CWS-CARES). Makes declarations of legislative intent for the CWS-CARES information technology (IT) project to meet specified objectives, intended to align with the scope approved in the most recent Special Project Report for the system. Those objectives include, among others, replacing the CWS/CMS with a federally compliant Comprehensive Child Welfare Information System, incorporating relevant end-user feedback into product design, development, and implementation, and limiting any additional delays to the project design, development, and implementation that could lead to federal noncompliance penalties or the potential loss of federal funding. Makes additional findings and declarations with respect to the need for ongoing oversight of the CWS-CARES IT project by the Legislature and designated state departments, and updates and expands existing oversight criteria. The criteria

includes, among others, requiring the department and the Office of Technology and Solutions Integration to convene monthly meetings with specified government entities, and to submit monthly project status reports to the Legislature and other relevant stakeholders, including updates on the progress made toward successful completion on the project and other prescribed information.

32)Bringing Families Home Program Technical Changes. Expands the definition of “child welfare services” to include those services provided by a tribe, or tribal entity or agency, in accordance with tribal law or custom, if it provides at least one of specified child welfare services. Expands the definition of “homeless” to include an individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence, has no other residence, and lacks the resources or support networks to obtain other permanent housing. Also makes certain changes to the existing definition of “permanent housing” for purposes of the program. Extend the exception period to June 30, 2025, for the fund-matching requirement. Requires the CDSS to adopt regulations implementing all provisions of the program no later than July 1, 2024.

33)Children's Crisis Continuum Pilot Program. Requires that the pilot program be implemented for five years from the date grant recipients are selected. Extends the deadline for proposal submissions from January 31, 2022, to December 1, 2022, and the deadline for disbursement of grant funds from March 31, 2022, to June 30, 2023. Extends the date by which the interim report is due from April 1, 2025, to April 1, 2027. Extends the date that any guidance issued without taking further regulatory action is to be provided from March 2022 to on an ongoing basis during the pilot program.

34)CalFresh Safe Drinking Water. Extends the sunset of the Safe Drinking Water Supplemental Benefit Pilot Program from July 1, 2024 to July 1, 2025, allowing the program to provide time-limited additional CalFresh nutrition benefits to residents of prioritized disadvantaged communities that are served by public water systems that consistently fail to meet primary drinking water standards. The Budget Act includes \$3 million General Fund one-time for these purposes.

35)CalFresh Minimum Nutrition Benefit (MNB) Pilot Program. Subject to an appropriation by the Legislature, requires the CDSS to administer the CalFresh MNB Pilot Program to provide an eligible household receiving a monthly CalFresh allotment of less than \$50, with an additional 12 months of state-funded nutrition benefits that when added together with the federal allotment, totals no less than \$50 per month. Confers the CDSS with sole discretion to identify additional eligibility criteria and to define the scope of the pilot program, and requires the department to consult with counties and stakeholders to identify and prioritize populations or regions with persistently high levels of hunger. Requires these benefits to be delivered through the EBT system, and, to the extent permitted by federal law, excludes these benefits from being considered income for any means-tested program. The Budget Act includes \$915,000 General Fund for automation and other implementation costs necessary to initiate the CalFresh MNB Pilot Program in 2023-24, and \$15 million to implement the CalFresh MNB Pilot Program in 2024-25.

36) Housing and Disability Advocacy Program (HDAP) Technical Changes. Extends the reimbursement waiver and exemption for a grantee to match certain funds through

June 30, 2025. Requires the CDSS to adopt regulations for the Housing and Disability Income Advocacy Program as a whole by July 1, 2024.

Fiscal Effect: Appropriates \$317,000 in federal funds for the implementation of Family Code Section 8625.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 121 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elizabeth Schmitt

Subject: Developmental services

Summary: Provides for statutory changes necessary to enact developmental services related provisions of the Budget Act of 2023.

Background: As part of the 2023-24 budget package, this bill makes statutory changes to implement the budget act.

Proposed Law: This bill includes the following provisions:

- 1) **Transition of Federal Education Grant Funding to Department of State Hospitals.** Finalizes the process of transitioning the administration and oversight of federal education grants in Department of State Hospital (DSH) facilities from Department of Developmental Services (DDS), allowing DSH to receive all state and federal education funding directly, rather than passing through DDS.
- 2) **Limited Examination and Appointment Program (LEAP).** Permanently extends the LEAP program, which permits individuals with developmental disabilities to choose to complete a written examination or readiness evaluation, or to complete an internship, in order to meet qualifications for state service.
- 3) **Extension of Remote Option for Individual Program Plan (IPP) Meetings.** Extends the option for a consumer and their family to request a remote IPP meeting or individualized family service plan meeting through June 30, 2024.
- 4) **Parent Participation in Applied Behavioral Analysis (ABA) Therapy.** Prohibits a regional center from denying or delaying the provision of ABA or intensive behavioral intervention services for children due to the lack of parent participation.
- 5) **Special Incident Reporting.** Requires DDS to report to the Legislature annually on the status of the department's efforts to improve oversight of special incidents and respond to special incident trends regarding individuals with developmental disabilities served by regional centers.
- 6) **Provisional Eligibility for Children Ages 0-2.** Expands provisional eligibility for Lanterman Developmental Disabilities Services Act (Lanterman Act) to include children from birth through two years of age. The 2021 Budget Act expanded eligibility for regional center services for children three or four years of age. This change makes provisional eligibility inclusive of all children four years of age or under.

- 7) **Regional Center Purchase of Service Data.** Requires DDS to post data relating to purchase of service authorization, utilization, and expenditure across various demographics on a statewide aggregate basis. Requires the department to provide trend analysis on the changes observed in this data over time, and requires the department and regional centers to post this information. Requires the department to maximize transparency whenever possible, including aggregation by region. Requires the department to consult with stakeholders twice a year to review purchase of services data and identify barriers to equitable access to services and supports among individuals and develop recommendations to help reduce disparities in purchase of service expenditures. Requires purchase of service data to be deidentified in a manner that maximizes transparency.
- 8) **Adjusting Rate Models to Reflect Increases to the Minimum Wage.** Requires developmental services rate models to be updated to account for current and subsequent changes to the statewide minimum wage.
- 9) **Rate Model Quality Incentives.** Requires DDS to implement a hold harmless policy for providers whose rates in effect on January 1, 2023 exceed 90 percent of the rate model, until June 30, 2026. Requires a provider to be eligible for a quality incentive payment that, when added to their base rate, equals the fully funded rate model. Allows the department to establish quality measures or benchmarks in the initial years of the quality incentive program that focus on building capacity, developing reporting systems, gathering baseline data, and similar activities while working towards meaningful outcome measures at the individual consumer level for all services. Specifies that beginning in 2024-25, there will be an opportunity for eligible providers to earn full quality incentive payments through one or more measures. Requires the department to determine each provider's quality incentive payment percentage prior to the start of the fiscal year by measuring the provider's performance against the quality measure or benchmarks for the most recently available reporting period.
- 10) **Update on Progress Implementing a Person-centered, Outcomes-based System.** Requires DDS to provide a status update to the Legislature regarding progress toward implementing rate reform and creating an enhanced person-centered, outcomes-based system. This update includes the definition of compliance with the federal home- and community-based services final rule effective March 17, 2014 and data on providers within each service category that have not yet achieved compliance with the federal final rule, among other provisions.
- 11) **Access to Generic services.** Requires regional centers to purchase medical services identified in the individualized family service plan if the service is not available within 60 days through the family's health insurance or Medi-Cal. Requires a regional center to purchase medical services during any plan delays, including the appeals process.
- 12) **Social Recreation Services.** Prohibits a regional center from requiring an individual with an intellectual or developmental disability (IDD) or their family from doing any of the following: (a) exhaust In-Home Supportive Services, (b) exchange respite hours or any other service or support, or (c) pay a copayment, in order to receive social recreation services. Allows DDS to implement the provision of social recreation

services, camping services, and nonmedical therapies through participant-directed services. States legislative intent for social recreation services, camping services, and nonmedical therapies to include, but not be limited to, specialized recreation, art, dance, and music, and that these services be made widely available to individuals with developmental disabilities, not only for socialization, but to lead the lives they want in the community.

- 13) **Rate Study Update: Family Home Agencies.** Clarifies the current rate structure for family home agency services are based on the rate for Community Care Facilities licensed for four beds or fewer.
- 14) **Regional Center Family Fees.** Implements a one-year extension of regional center family fee assessments, including the Family Cost Participation Program and the Annual Family Program Fee, through June 30, 2024.
- 15) **Employment First Office.** Requires the State Council on Developmental Disabilities (SCDD) to form a standing Employment First Committee, responsible for identifying the respective roles and responsibilities of state and local agencies in enhancing integrated and gainful employment opportunities for people with IDD, identifying strategies for increasing integrated employment, identifying sources of employment data, and recommending goals and policy changes for increasing integrated employment. Beginning July 1, 2024, establishes the Office of Employment First. The Office's mission is to coordinate the Employment First Policy, in order to reduce redundancy, ensure coordination of all employment support services across all agencies and departments, avoid fragmentation of services, guide strategic planning, and promote racial equity toward employment for individuals with IDD.
- 16) **Canyon Springs Admissions.** Extends the deadline for the prohibition of admission to Canyon Springs Community Facility from June 30, 2023 to June 30, 2024, or when the opening of completed and licensed complex needs homes identified in the safety net plan and approved for development in the Budget Act of 2023 occurs, whichever is sooner.
- 17) **Coordinated Family Support Services Pilot Program.** Continues implementation of the Coordinated Family Support Services Pilot Program.

Fiscal Effect: Provides an appropriation of \$10.8 million General Fund to the Department of Developmental Services to continue implementation of the Coordinated Family Support Services Program.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No:	AB 122	Hearing Date:	June 26, 2023
Author:	Committee on Budget		
Version:	June 24, 2023 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Joanne Roy		

Subject: Public resources trailer bill

Summary: This bill is the omnibus Resources budget trailer bill. It contains provisions necessary to implement the 2023 Budget act.

Proposed Law: This bill:

- 1) **Water Recycling Projects.** Requires persons, who are subject to the prescribed water reclamation requirements for water that is used or proposed to be used as recycled water and persons who have been issued a master recycling permit, to pay the annual fee established by the State Water Resources Control Board (SWRCB).
- 2) **Pharmaceutical and Sharps Stewardship Fund.** Authorizes the Department of Resources Recycling and Recovery (CalRecycle) the authority to bill a stewardship organization based on projections with a reconciliation prior to the next billing cycle. The proposal is intended to allow CalRecycle to ensure funds are available in the Pharmaceutical and Sharps Stewardship Fund to cover the costs of all organizations that do work on the Pharma/Sharps program.
- 3) **California Accidental Release Prevention (CalARP)/Hazardous Materials Business Plan (HPBP) Programs.** Authorizes the Secretary of the California Environmental Protection Agency's designee to implement specified hazardous material release and accidental release prevention programs to the same extent as the unified program agencies.
- 4) **SB 1295 Cleanup.** Includes technical amendments to SB 1295 (Limón), Chapter 844, Statutes of 2022, that allows the Department of Conservation's Geologic Energy Management Division (CalGEM) to factor assessments added by SB 1295 into their fee schedule over the next two years. The assessments included in SB 1295 were connected to General Fund approved in the 2022 Budget Act agreement for oil well plugging and abandoning, and these technical amendments will allow CalGEM to incorporate the additional SB 1295 assessments into future budget authority.
- 5) **Public Works Contracts.** Clarifies that the Department of Forestry and Fire Protection (CalFire), upon approval by the Department of Finance, is authorized to plan, design, construct, and administer contracts and professional services for public works projects under CalFire's jurisdiction.

- 6) **Division of Safety Dams Fees.** Among other things, does the following:
- Requires the Attorney General, upon request by the Department of Water Resources (DWR), to bring an action in superior court seeking injunctive relief, penalties, fees, costs, or any other remedies available to the department, as specified.
 - Increases fees for the filing of an application, as specified, and include the repair, alteration, or removal of an existing dam or reservoir.
 - Authorizes DWR to adjust the fee schedule by regulation to ensure the filing fees collected reasonably cover the department's costs of application work, which may include, design review and construction oversight.
 - Authorizes DWR to refund filing fees paid by the owner if requested by an owner.
- 7) **Dam Safety and Flood Management Grant Program.** Among other things, does the following:
- Requires DWR, upon appropriation by the Legislature, to develop and administer the Dam Safety and Climate Resilience Local Assistance Program (Program).
 - Specifies that the Program provides state funding for repairs, rehabilitation, enhancements, and other dam safety projects at existing state jurisdictional dams and associated facilities, subject to prescribed criteria.
 - Requires DWR to develop and adopt program guidelines and project solicitation documents before disbursing any grant funds.
 - Requires a grant cost share of at least 50 percent for projects funded pursuant to the Program, except as provided.
- 8) **Environmental Justice Advisory Council Per Diem.** Clarifies that members of the forum are entitled to a \$100 per day per diem for participation in meetings, as well as reimbursement of reasonable travel expenses, similar to advisory committees that support other state departments. SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021, authorized the creation of an environmental justice forum that represents communities across California to provide environmental justice advice and recommendations.
- 9) **State Parks: Concession Contracts: Old Town San Diego Historic State Park.** Authorizes the Department of Parks and Recreation (Parks) to negotiate a concession contract, for a term of not more than 30 years, or an extension of an existing concession contract for a term of up to an additional 30 years, and to negotiate other terms, as provided, at Old Town San Diego State Historic Park.
- 10) **AB 1279 (Muratsuchi and C. Garcia), Chapter 337, Statutes of 2022, Reporting Requirement.** Revises the requirement of the Legislative Analyst's Office (LAO) to conduct specified independent analyses related to economic impacts and greenhouse gas emissions targets by, among other things, requiring LAO to conduct them as part of an annual report and to prepare an annual report detailing its review.
- 11) **Definition of "Natural Infrastructure."** Adds "aquifers" to a list of examples of aquatic or vegetated terrestrial open spaces for the purposes of the definition of "natural infrastructure," in Public Resources Code Section 71154, which pertains to climate change impacts and vulnerabilities and the Safeguarding California Plan.

- 12) **Old Sacramento State Historic Park.** Requires Parks to include in a lease agreement, management agreement, or other agreement for the operation of a hotel in the Old Sacramento State Historic Park a provision that requires the entity responsible for development of the hotel, and each sublessee or subcontractor, to enter into a labor peace agreement, as specified.
- 13) **Western Joshua Tree Conservation Act.** Among other things, provides protections to the western Joshua tree by requiring: the development of a conservation plan; avoidance and minimization of take of the tree; and permitting and mitigation of any take incidental; to a project. This bill authorizes project proponents to mitigate take by paying a per tree fee in lieu of conducting project-specific mitigation. The bill requires fee revenue to fund actions to address threats to the western Joshua tree on a landscape level, as specified. The bill allows for a listing under the California Endangered Species Act, but prescribes a process by which the Fish and Game Commission can make a listing determination for the pending listing after receiving updated information, as specified.
- 14) **Drought and Flood Streamlining.** Among other things, exempts specified activities regarding the diversion of floodflows for groundwater recharge from specified notification and permitting requirements. This bill provides that diversion of floodflows for groundwater recharge do not require an appropriative water right if specified conditions regarding the diversion are met. This bill exempts from the California Environmental Quality Act (CEQA) specified actions related to the implementation of Colorado River water conservation agreements with the US Bureau of Reclamation.
- 15) **Water Arrearages.** Revises SWRCB's California Water and Wastewater Arrearage Payment Program by moving the sunset of the program to July 1, 2026, and allowing local agencies to account for arrearages owed for a time period that extends to December 31, 2022. With this shift in water arrearages assistance from the Department of Community Service and Development to SWRCB, this bill repeals specified provisions the Department of the Community Services and Development Low Income Household Water Assistance program related to this one-time funding.
- 16) **Offshore Wind Energy.** Specifies the intent of the Legislature that the Administration conduct an assessment of offshore wind energy permitting and related resources needs across applicable state entities, such as the Energy Commission, the State Lands Commission, the California Coastal Commission, and the State Coastal Conservancy; and states that the outcomes of the assessment may be considered as part of a future budget.
- 17) **Exposition Park: Foundations.** Among other things, authorizes the establishment of nongovernmental trusts (foundations) for the California African American Museum (CAAM) and Exposition Park; and allows these foundations to perform specified actions. This bill authorizes CAAM's board of directors and OEPM to enter into concession contracts related to merchandise for each entity. This bill requires the Department of Finance, on or before January 10, 2024, and annually thereafter, to submit a report relating to the foundations to the Legislature and Legislative Analyst's Office. This bill sunsets these provisions July 1, 2030.

Fiscal Effect: The funding related to the changes in this bill is contained in the Budget Act of 2023.

Support: None on file.

Opposed: None on file

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 123 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Eunice Roh

Subject: Energy

Summary: The bill is the omnibus Energy budget trailer bill. It contains provisions necessary to implement the 2023 Budget Act.

Proposed Law: This bill:

- 1) **Electric Vehicle Supply Equipment.** Repeals the California Air Resources Board's (CARB) existing regulation requiring chip card readers for public electric vehicle chargers and instead requires chargers to have tap card readers and mobile phone payment options for level two chargers and requires fast chargers to utilize a communication protocol known as ISO 15118 or "Plug and Charge". This also pauses CARB's ability to change the regulations for five years, and moves authority to set future regulations to the California Energy Commission.
- 2) **Self-Generation Incentive Program.** Limits the California Public Utilities Commissions' Self-Generation Incentive Program to only cover low-income customers when funded by General Fund.
- 3) **Embodied Carbon Emissions: Construction Materials (AB 2446).** Amends AB 2446 (Holden), Chapter 352, Statutes of 2022, to delay the deadline to measure (and reduce) the carbon intensity of buildings/materials from July 1, 2025 to December 31, 2026 (18 months). It also delays the deadline to adopt strategies to reduce emissions 40 percent as soon as possible but no later than December 31, 2035 from July 1, 2025 to December 31, 2028 (3.5 years). It also delays the deadline to evaluate the feasibility and cost impact of the strategy from July 1, 2029 to December 1, 2029 (6 months).
- 4) **Energy Imports.** Allows the Department of Water Resources to reimburse electrical corporations for energy imports procured on behalf of all California electric customers for an additional 13 months from September 30, 2022 to October 31, 2023.
- 5) **Clean Energy, Jobs, and Affordability Act of 2022 Clean Up.** Amends SB 1020 (Laird), Chapter 361, Statutes of 2022, to allow connecting zero-carbon or renewable resources behind the meter to meet the existing mandate of 100% zero carbon energy by December 31, 2035.
- 6) **Energy Commissioner Salaries.** Increases salaries for the five members of the California Energy Commission by five percent per year over the next three years.

Fiscal Effect: The funding related to the changes in this bill is contained in the Budget Act of 2023.

Support: None on file.

Opposed: None on file.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair
2023 - 2024 Regular

Bill No: AB 124 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 25, 2023 Amended
Urgency: No **Fiscal:** No
Consultant: Eunice Roh

Subject: Energy

Summary: The bill is the omnibus Energy budget trailer bill. It contains provisions necessary to implement the 2023 Budget Act.

Proposed Law: This bill:

- 1) **Diablo Canyon.** Extends the California Public Utilities Commission's (CPUC) authority to convene the Diablo Canyon Independent Peer Review Panel if plant operations continue through 2030. Clarifies that the Independent Safety Committee (ISC) for Diablo Canyon was established by the CPUC. Reinstates a chaptered out provision of SB 846 (Dodd), Chapter 239, Statutes of 2022, that retired the attributes of Diablo Canyon after 2025.
- 2) **Green Financing.** Authorizes IBank and Department of Water Resources to access and utilize federal funding provided in the Inflation Reduction Act, to finance projects that reduce greenhouse gas emissions.
- 3) **SB 2 First Extraordinary Session Oil Price Gouging Clean Up.** Clarifies that members of a multistakeholder, multiagency workgroup to consult on a Transportation Fuels Transition Plan, may include, but not be limited to, representatives of environmental justice, labor, and fuel producers and refiners, among others. Additionally clarifies data access for the California Energy Commission's (CEC) Independent Consumer Fuels Advisory Committee shall be aggregated, anonymized, and not open to public disclosure, and makes other minor, clarifying changes.
- 4) **Demand Side Grid Support Program Cleanup.** Clarifies that Distributed Electricity Backup Assets program participants are required to participate in the Demand Side Grid Support program.

Fiscal Effect: The funding related to the changes in this bill is contained in the Budget Act of 2023.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 125 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Eunice Roh

Subject: Transportation budget trailer bill

Summary: This bill is the omnibus Transportation budget trailer bill. It contains provisions necessary to implement the 2023 Budget Act.

Proposed Law: This bill:

- 1) **Task Force.** Requires the California State Transportation Agency (CalSTA), on or before January 1, 2024, to establish the Transit Transformation Task Force to develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services. CalSTA, in consultation with the task force, is required to prepare and submit a report of findings and policy recommendations based on the task force's efforts to the appropriate policy and fiscal committees of the Legislature on or before October 31, 2025.
- 2) **Advisory Committee Compensation.** Requires the members of advisory committees to the California Transportation Commission (CTC) who are not members of the commission to receive a per diem of \$100 for each day actually spent in the discharge of authorized advisory committee duties as well as be reimbursed for traveling and other expenses necessarily incurred in the performance of advisory committee duties.
- 3) **Transit Statutory Relief.** Provides statutory relief to transit operators, as follows:
 - a. Extends the suspension of the financial penalties associated with the Transportation Development Act's requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares.
 - b. Extends flexibility in the use of State Transit Assistance – State of Good Repair dollars to support all operating and capital expenses.
 - c. Extends the suspension of the financial penalties associated with the State Transit Assistance Program's requirement that transit agencies' operating cost per revenue vehicle hour may not exceed operating cost per revenue vehicle hour adjusted by regional CPI, year over year.
 - d. Extends hold harmless provision for calculation and allocation of State Transit Assistance Program, STA-State of Good Repair and Low Carbon Transit Operations Program allocations (Local Revenue Basis Only).

- 4) **ICRP Reinstatement.** Prohibits the Department of Transportation from charging any self-help counties with countywide sales tax measures dedicated to transportation improvements more than 10 percent for the administration of the IRCP and requires the department to charge those self-help counties for functional overhead.
- 5) **Mobile Driver License.** Expands the percentage of licensed drivers who can participate in the pilot programs to evaluate the use of optional mobile or digital alternatives to driver's licenses and identification cards from 0.5 percent to 5 percent of licensed drivers.
- 6) **Encampment Liaisons.** Appropriates \$5,802,000 to the Department of Transportation to support statewide efforts addressing homelessness within the state highway system right-of-way and requires the department, on or before January 1, 2026, to submit a report to the fiscal committees of the Legislature and the Legislative Analyst's Office summarizing the outcomes associated with the activities undertaken by its encampment coordinators.
- 7) **Transit Accountability.** Makes several adjustments to transit funding programs. Specifically, this bill:
 - a. Requires that funds appropriated from the General Fund to the Transportation Agency for purposes of the Transit and Intercity Rail Capital Program be distributed through a population-based formula to regional transportation planning agencies. Provides that funding may be used for capital and/or operating expenses, subject to specified requirements.
 - b. Establishes the Zero-Emission Transit Capital Program under the Transportation Agency and require funds appropriated under the program to be allocated to regional transportation planning agencies through the State Transit Assistance formula. Provides that funding may be used for zero-emission transit equipment and/or transit operating expenditures, subject to specified requirements.
 - c. Requires the Transportation Agency to develop and administer an accountability program to govern the distribution of funds made available to the Transportation Agency for the Zero-Emission Transit Capital Program and the General Fund component of the Transit and Intercity Rail Capital Program.
 - d. Requires the Transportation Agency to adopt guidelines governing the distribution of these funding sources in consultation with specified local agencies.
 - e. Provides that a regional transportation planning agency may receive an allocation of funds in 2023-24 if both of the following conditions are met:

- i. The regional transportation planning agency submits, and the agency approves, a regional short-term financial plan for immediate service retention consistent with the adopted guidelines. If a regional transportation planning agency elects to use these funds for operations for any of its transit operators in the 2023–24 fiscal year or forecasts operational need between the 2023–24 and 2026–27 fiscal years, inclusive, for any of its transit operators, then it shall submit a regional short-term financial plan.
 - ii. The regional transportation planning agency submits to the agency regionally compiled transit operator data that is consistent with the requirements included in the adopted guidelines, and is compiled in coordination with transit operators providing services within the jurisdiction of the regional transportation planning agency.
- f. Provides that a regional transportation planning agency shall not be required to submit a regional short-term financial plan if it declares that it does not have an operational need between 2023-24 and 2026-27 for any of its transit operators and will not use funding for operations for any of its transit operators.
 - g. Provides that a regional transportation planning agency may one receive an allocation of funds in 2024-25 if it submits, and the agency approves, an updated regional short-term financial plan, and updated transit operator data by December 31, 2025. Requires all regional transportation planning agencies receiving funding to submit this plan.
 - h. Requires a regional transportation planning agency to submit a long-term financial plan to the Transportation Agency by June 30, 2026. Provides that a regional transportation planning agency is ineligible to receive a grant under the Transit and Intercity Rail Capital Program in the 2026–27 fiscal year, or any subsequent fiscal years, unless the Transportation Agency approves the long-term financial plan.

Fiscal Effect: The funding related to the changes in this bill is contained in the Budget Act of 2023.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 126 **Hearing Date:** June 26, 2023
Author: Reyes
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Eunice Roh

Subject: Vehicular air pollution: Clean Transportation Program: vehicle registration and identification plate service fees: smog abatement fee: extension

Summary: This policy bill, among other things, extends the sunset on the funding for the Clean Transportation Program and the Air Quality Management Program, and revises the terms of those programs. This bill is a part of the 2023-24 Budget Package.

Proposed Law: This bill:

- 1) Extends vehicle registration, smog abatement, and identification plate fees to fund various clean transportation programs.
- 2) Requires a funding allocation of 10 percent annually for hydrogen refueling stations through the Clean Transportation Program until 2030 or until there is a sufficient network of these stations to support the hydrogen fuel cell electric vehicles of all types.
- 3) Requires the guidelines to ensure each replacement vehicle in the program be either a plug-in hybrid or zero-emission vehicle unless the state board makes a specified determination.
- 4) Changes the emphasis of the program to the development and deployment of zero-emission technology and fuels in the marketplace where feasible and near-zero-emission technology and fuels elsewhere.
- 5) Authorizes the State Energy Resources Conservation and Development Commission (Commission) to make a single source or sole source award to public or nonpublic entities that manage a United States Department of Energy national laboratory.
- 6) Requires the Commission, on and after January 1, 2025, to expend at least 50% of the moneys appropriated to the program on programs and projects that directly benefit or serve residents of disadvantaged and low-income communities and low-income Californians.
- 7) Requires the Commission, by January 1, 2028, in consultation with the State Air Resources Board and the Department of Motor Vehicles, to propose to the Legislature alternative funding methodologies or fee structures for funding zero-emission vehicle infrastructure for light-, medium-, and heavy-duty vehicles. This proposal shall include an assessment of the economic equity of the alternatives.

- 8) Declares that the provisions of this bill are to take effect immediately as an urgency statute.

Fiscal Effect: The funding related to the changes in this bill is contained in the Budget Act of 2023.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 127 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Diego Lopez

Subject: State government

Summary: This is the general government trailer bill and contains the necessary changes related to the Budget Act of 2023

Proposed Law: This bill makes the following statutory changes:

- 1) ***Creative Economy Working Group.*** Requires the California Arts Council to establish the California Creative Economy Workgroup to develop a strategic plan for the California creative economy; provides for the membership of the workgroup; and requires the workgroup to, among other things, collect and analyze data on the state of the California creative economy.
- 2) ***Emergency Sleeping Cabins.***
 - a) Authorizes the Department of General Services to assist a political subdivision with delivery and installation of emergency sleeping cabins and related improvements, in prescribed cities and counties and if the political subdivision has declared a shelter crisis, among other requirements.
 - b) Limits the authority granted to the delivery of up to 1,200 emergency sleeping cabins.
 - c) These provisions are repealed as of January 1, 2025.
- 3) ***Real Estate Services Division Affordable Housing Development Program Funding.*** Authorizes the Department of General Services to deposit some or all of the net proceeds related to the lease or sale of excess state lands into the Property Acquisition Law Money Account and authorizes DGS to maintain an operating reserve in the account sufficient to continue developing excess state lands into affordable housing.
- 4) ***AB 2135 (Irwin), Chapter 773, Statutes of 2022 Implementation.***
 - a) Changes the entity receiving certification of information security and privacy policies, standards, and procedures from legislative leadership to

the Department of Technology's Office (Office) of Information Security for state agencies not under the direct authority of the Governor.

- b) Authorizes the Office to make recommendations and assist state agencies in completing plans of action and milestones and prohibits the Office from requiring any recommendation be followed or to compel acceptance of any assistance.
 - c) Requires the Office to review the certifications and make an annual summary report available to the appropriate legislative committees and the Legislative Analyst's Office by May 1, 2024, and by March 1 annually thereafter.
 - d) Authorizes a state agency, instead of complying with specified provisions, to instead annually submit a declaration to the Chief of the Office of Information Security by January 15, confirming that the state agency complies with existing requirements for reporting certification of information security and privacy policies, standards, and procedures by state agencies under the direct authority of the Governor.
- 5) **Office of Planning and Research (Office), CEQA Lead Agency Exemption.** Clarifies that if the Office of Planning and Research provides funding to a local government for a project, the local government, not the Office, is the lead for undertaking environmental reviews associated with that project.
- 6) **Office of Planning and Research, Community Resilience Centers Advance Pay.** Allows the Office of Planning and Research to use advanced pay for grantees of Community Resilience Center program funding.
- 7) **Office of Planning and Research, Youth Equity Commission.** Assigns the responsibility of the Youth Empowerment Commission to the Office of Planning and Research and sets the first meeting of the Commission before August of 2023.
- 8) **Office of Planning and Research, Racial Equity Commission.** Establishes the Racial Equity Commission in the Office of Planning and Research.
- 9) **State Middle Mile Broadband Enterprise Fund.** Establishes the State Middle Mile Broadband Enterprise Fund at the Department of Technology.
- 10) **Broadband.**
- a) Requires lease agreements entered into by the Department of Technology as part of the state middle mile system to include sufficient fiber strands to support speeds comparable to those offered by infrastructure built or jointly built by the state.

- b) Requires the Department of Technology to post a map of the middle mile project segments upon execution of a lease, build or joint build contract for the project segment;
 - c) Requires the California Public Utilities Commission to prioritize publichousing developments for Broadband Public Housing Account grants if they have not received a grant and do not have access to free broadband internet service.
- 11) **State Appropriations Limit - Subvention Definitions.** Requires the Department of Finance to, no later than February 1 of each year, calculate the individual subvention amounts for each of the specified state programs and provide this state subventions information on an annual basis to the California State Association of Counties and the League of California Cities for distribution to local agencies for use in calculation of local appropriation limits. Creates a state mandated local program by requiring additional duties of local agencies.
- 12) **Office of Tax Appeals Regulatory Exemption.** Exempts Office of Tax Appeals communications and final written opinions from the Administrative Procedures Act.
- 13) **Extend Sunset Dates for Various Small Business Grants Program.**
- a) Reenacts the California Venues Grant Program and would repeal it on June 30, 2024.
 - b) Removes the disbursement end date for the Social Enterprise Program within California Office of the Small Business Advocate (CalOSBA).
 - c) Extends the repeal date from June 30, 2023, to June 30, 2024 for the California Nonprofit Performing Arts Grant Program, the California Small Business COVID-19 Relief Grant Program, and the California Small Business and Nonprofit COVID-19 Supplemental Paid Sick Leave Relief Grant Program.
 - d) Extends the repeal date for California Microbusinesses COVID-19 Relief Program to June 30, 2024.
- 14) **Commission on the State of Hate.**
- a) Authorizes appointed members of the Commission to receive a per diem of \$100 for each public meeting and community forum of the commission that they attend, and authorizes reimbursement to those individuals for expenses incurred.
 - b) Excludes legislative members, ex officio members, and nonmember advisors of the commission from any per diem or reimbursement for expenses incurred while engaging in commission activities.

- c) Provides that for annual reports due July 1, 2024, and July 1, 2025, the commission is required to include information in the report only to the extent that the specified information is available.
- d) Provides that for the annual report due July 1, 2026, the commission is required to include information in the report, as specified.

15) *Zero-Emission Vehicle (ZEV) Market Development Office.*

- a) Updates the equity action plan to include recommendation on actionable steps and metrics to measure and improve access to ZEVs, public and private charging infrastructure, and ZEV transportation options in low-income, disadvantaged, and historically underserved communities.
- b) Requires the assessment of progress towards the equity action plan to include metrics tracking state and federal subsidies for ZEVs and different ownership structures for ZEVs.

16) *California Small Agricultural Business Drought and Flood Relief Grant Program.*

- a) Renames the program to the California Small Agricultural Business Drought and Flood Relief Grant Program and extends the program from January 1, 2025, to January 1, 2027.
- b) Expands the purpose of the program to provide grants to qualified small agricultural businesses that have been affected by floods.

17) *Made in California.*

- a) Relaunches the Made in California program and removes various provisions that were barriers to the success of the program.
- b) Requires reports back to the Legislature every February 15 on program expenditures, program progress, the number of companies registered for the Made in California label, the number of products registered for the Made in California label, the program fees collected, ongoing priorities, and any additional information.

18) *Army Facilities Agreement Program Income Fund.* Establishes the Army Facilities Agreement Program Income Fund and requires any revenue received from nonfederal tenants' use of Military Department facilities, be deposited into the fund and made available for the maintenance of Army National Guard facilities.

19) *Military Department Support Fund Activities.* Repeals the California National Guard Military Relief Fund and the aid grant program supported by this fund and

deposits any remaining funds into the California Military Department Support Fund.

20) **California Emergency Relief Fund.** Authorizes the Department of Finance to transfer any unencumbered balance in the California Emergency Relief Fund of any appropriation for which the encumbrance period has expired into the General Fund.

21) **AB 2273 (Wicks), Chapter 320, Statutes of 2022 Implementation.**

- a) Establishes the Children's Data Protection Working Group created in AB 2273 (2022) in the Office of the Attorney General;
- b) Changes the deadline for the report to the Legislature from January 1, 2024, to July 1, 2024;
- c) Authorizes working group meetings to be conducted remotely; and,
- d) Reduces the total working group membership from ten to nine by reducing the number of appointments of the California Privacy Protection Agency from two to one.

22) **Litigation Deposit Fund Loan Authority.** Allows the Department of Finance to authorize budgetary loans from the Litigation Deposit Fund to the General Fund pursuant to the annual budget process in a manner that will not interfere with the purpose for which the fund was created. Requires the Department of Justice to make various adjustments related to the deposits of litigation proceeds and provide quarterly reports to the Legislature concerning the Litigation Deposits Fund, including the number and amount of deposits received as of the prior report, the case associate with each deposit, the litigation costs associated with each case, and the specific legal section or sections of the department pursuing the case.

23) **State Controller's Office FI\$Cal Onboarding.** Revises reporting and implementation timelines for the transfer of state accounting book of record functions by the State Controller's Office to the FI\$Cal accounting system to conform to the new expected implementation date of July 1, 2026;

24) **Monument to the California Native People.** Clarifies that the regular maintenance of the monument to the California Native people of the Sacramento, California region on the grounds of the State Capitol shall remain the responsibility of the Department of General Services.

25) **SELA Advisory Panel.** Establishes the Southeast Los Angeles Cultural Center Development Advisory Panel to provide advice to the state and the County of Los Angeles in the development of the Southeast Los Angeles Cultural Center.

Fiscal Effect: This bill would continuously appropriate moneys into the Property Acquisition Law Money Account for the development of affordable housing and would continuously appropriate moneys into the State Middle-Mile Broadband Enterprise Fund for the maintenance, operation, repair, and expansion of the statewide open-access middle-mile broadband network, thereby making 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

2023 - 2024 Regular

Bill No:	AB 128	Hearing Date:	June 26, 2023
Author:	Committee on Budget		
Version:	June 24, 2023 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Diego Lopez		

Subject: Cannabis: background checks and cannabis event organizer license type

Summary: This is the cannabis budget trailer bill and contains the necessary changes to implement provisions included in the Budget Act of 2023, which includes technical changes related to criminal history information background checks.

Background: AB 141 (Committee on Budget), Chapter 70, Statutes of 2021, created the Department of Cannabis Control, consolidating legacy departments. As part of the consolidation, Business and Professions Code (BPC) section 26051.5 was amended to require that an applicant submit fingerprint images for a state license to conduct commercial cannabis activity. This requirement was intended to require an owner to submit fingerprints only once, even if they held more than one cannabis license, streamline the licensing process for the Department and decrease costs to the applicant. The amended BPC section 26051.5 was submitted to the Federal Bureau of Investigation (FBI) in early 2021, pre-consolidation, to obtain one request code.

The FBI denied the Department's request for one request for all commercial cannabis licenses, and instead is requiring the Department to use the 20 license classifications within BPC Section 26050. The proposed statutory changes are intended to comply with these new federal requirements.

Proposed Law: This bill would require the Department of Cannabis Control to submit to the Department of Justice fingerprint images and other related information for criminal history information checks of certain employees, prospective employees, contractors, and subcontractors, as specified. The bill would require the Department of Cannabis Control to request from the Department of Justice subsequent notification service for those individuals, as specified.

This bill would exempt from that requirement an owner who has previously submitted fingerprint images and related information in connection with a valid state license issued by a licensing authority, as specified. The bill would prohibit the Department of Cannabis Control from considering criminal history information from a previous check of that owner when considering whether to issue a subsequent state license, per federal requirements.

Fiscal Effect: Appropriates \$5,000 Cannabis Control Fund for the 2023-24 fiscal year for the purpose of supporting the criminal history information background check process.

Support: None on file.

Opposed: None on file.

Comments: This is the cannabis trailer bill and contains the necessary changes related to the Budget Act of 2023.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No:	AB 129	Hearing Date:	June 26, 2023
Author:	Committee on Budget		
Version:	June 25, 2023 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Timothy Griffiths		

Subject: Housing

Summary: This bill provides statutory changes to facilitate implementation of the 2023 Budget Act as it relates to housing and homelessness.

Proposed Law: More specifically, this bill:

Round 5 Homeless Housing, Assistance and Prevention Program (HHAPP)

- 1) Provides the framework for distribution, use, and oversight of \$1 billion in funding for HHAP Round 5.
- 2) Requires HHAP Round 5 recipients to apply on a regional basis.
- 3) Makes receipt of HHAP Round 5 funding contingent on the creation of, and adherence to, a regionally coordinated homelessness prevention and reduction plan.
- 4) Requires each plan to coordinate all homelessness funding and services across the region, to assign specific roles and responsibilities to each party to the plan, and to set forth key actions that each party will take to reduce and prevent homelessness. Requires each regionally coordinated plan to be memorialized in the form of a Memorandum of Understanding.
- 5) Makes receipt of the second installment of HHAP money contingent on progress toward accomplishment of the regional plan elements, with requirements for technical assistance and regional plan modification for regions that are not achieving sufficient progress.
- 6) Provides funding for participants to engage in the regional coordination process.
- 7) Advances deployment of \$100 million from the “bonus” set-aside from HHAP Round 3 to each HHAP recipient upon submission of their regional plan.
- 8) Moves up deployment of the remaining \$260 million in “bonus” funding from Rounds 3 and 4 to 2024-25 and requires disbursement of it to each HHAP recipient upon submission of their regional plan and approval of a compliant housing element.

- 9) Allows for flexible use of HHAP funds while ensuring that each region adequately prioritizes resources for permanent housing solutions before directing HHAP resources to interim housing solutions.
- 10) Further incentivizes readiness for maximum housing production through eligibility for additional Homekey grants for HHAP recipients that have compliant housing elements.

CalHFA

- 11) Removes the California Housing Finance Agency (CalHFA) from within the Department of Housing and Community Development (HCD), and continues CalHFA within the Business, Consumer Services and Housing Agency.

Excess Sites

- 12) Amends the reporting requirement for Excess Site from January 1, 2024, and every four years afterward, to upon the conclusion of each comprehensive survey conducted.
- 13) Provides that on or before January 1, 2025, and annually thereafter, the department shall update the digital inventory with any new state parcels newly determined or declared, as specified, that are suitable for affordable housing.

Housing Reporting Requirements

- 14) Requires HCD instead of the Department of Finance to publish the list of programs that must award prohousing jurisdictions additional points or preferences on its website.
- 15) Requires HCD instead of the Department of Finance to publish a list of programs, if any, where eligibility for funding is contingent upon the jurisdiction having adopted a housing element, as specified.

Middle Class Housing Act of 2022

- 16) Requires the exempted parcel or parcels to be subject to an ordinance that allow for development by right for a local agency to reallocate the residential density from an exempt parcel.

Affordable Housing and High Road Jobs Act of 2022

- 17) Clarifies the procedures for local governments to exempt specified parcels from provision of the law in a manner that results in no net loss of development capacity in the jurisdiction.

Employee Housing Regulation Fund

- 18) Establishes the Employee Housing Regulation Fund and requires HCD to deposit monies collected pursuant to the Employee Housing Act into the fund.

Low Income Housing Tax Credit Rural Definition

- 19)Revises the criteria for rural area to be the area eligible for financing a multifamily housing program pursuant to Part 3560.1 of Title 7 of the Code of Federal Regulations as it read on January 1, 2023, or successor program, of United States Department of Agriculture Rural Development.
- 20)Adds an unincorporated area that does not adjoin a city and is not located within a census tract, block group, or block designated as an urban area by the United States Census Bureau in the most recent decennial census to the requirements of how the area is defined.

Infill Infrastructure Grant Program

- 21)Corrects technical drafting errors in the Infill Infrastructure Grant Program of 2019 in AB 157 (Committee on Budget), Chapter 570, Statutes of 2022.

California Interagency Council on Homelessness

- 22)Allows council staff to share Homeless Data Integration System data with a state agency or department that is a member of the council.
- 23)Allows all members of the advisory committee to participate remotely in advisory committee meetings, including meetings held with the council, and no members are required to be present at the designated primary physical location.
- 24)Provides that members of the council, advisory committee, or working groups who are or have been homeless may receive per diem and reimbursement for travel or other expenses, as specified.

Surplus Land Act Exemption

- 25)Establishes a narrow exemption to the Surplus Lands Act for disposal of land acquired by a local agency that meets specified criteria including, among other things, inclusion of at least 25 percent affordable housing and a requirement that the parcels are subject to a locally adopted plan and legal restrictions that predate significant amendments to the Surplus Land Act that took effect in 2020.

Fiscal Effect: This is a budget bill within the overall 2023-24 budget package necessary to implement action related to housing and homelessness.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 130 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Christopher Francis

Subject: Employment

Summary: This bill makes necessary changes to implement the labor, workforce, and employment provisions adopted as a part of the Budget Act of 2023.

Proposed Law: This bill makes various statutory changes to implement the labor, workforce, and employment provisions of the 2023-24 budget. Specifically, this bill:

- 1) ***Unemployment Fund and the Unemployment Compensation Disability Fund Reporting Dates.*** Requires the Employment Development Department to submit to the Legislature in January and May, instead of May and October, of each year a report on the status of the Unemployment Fund and the Unemployment Compensation Disability Fund containing actual and forecasted information on each fund.
- 2) ***Domestic Worker and Employer Education and Outreach Program.*** Eliminates the July 1, 2024 inoperative and January 1, 2025 repeal date on the provisions, thereby making the program permanent.
- 3) ***Prevailing Wage and Public Works.*** Clarifies contractor registration requirements, establishes penalties for violations of AB 2011 (Wicks), Chapter 647, Statutes of 2022 and SB 6 (Caballero), Chapter 659, Statutes of 2022, and provide the Department of Industrial Relations (DIR) with the authority to establish and adjust annual registration and renewal fees.
- 4) ***Retirement Rate Adjustment for Excluded Employees.*** Provides the Department of Human Resources (CalHR) with the flexibility to adjust retirement rates for excluded employees. Currently, changes to excluded employee retirement rates depend on the associated bargaining unit.
- 5) ***Uniform Payroll Cycle.*** Amends Government Code section 19824 to change the State's current unique "monthly" payroll cycle to "uniform" payroll cycle. This will allow implementation of a customary biweekly payroll cycle with the implementation of the California State Payroll System (CSPS) project.
- 6) ***Compensation Study Schedule.*** Amends the timeline for CalHR's statutory requirement to create and submit total compensation reports six months prior to the expiration of a Memorandum of Understanding (MOU) to biennially. This proposal is based on a 2021 recommendation of the LAO. The purpose of the change is to

provide consistent and improved data that decision makers can depend on. The first set of biennial reports will be published on February 1, 2025.

- 7) ***Community Economic Resilience Fund Chaptering Out Clean-up.*** Addresses a chaptering out issue during the 2022 legislative session. This trailer bill restores changes approved in legislation signed into law, AB 2342 (Cervantes), Chapter 568, Statutes of 2022, that was subsequently chaptered out by AB 156 (Committee on Budget), Chapter 569, Statutes of 2022.

Fiscal Effect: This bill is a budget trailer bill within the overall 2023-24 budget package to implement actions related to labor, workforce, and employment and makes an appropriation related to the Proposition 2 Supplemental Pension Payment. Specifically, this bill would appropriate \$1,657,000,000 from the General Fund for the purposes identified in the constitutional provisions described above, to supplement the state's appropriation to the Public Employees' Retirement Fund.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 131 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Revenue and Taxation

Summary: This bill contains changes necessary to implement the 2023 Budget Act related to taxation.

Proposed Law: This bill makes the following changes:

Debt Interception for Foster Youth Tax Credit

- 1) Provides technical clean-up to specify that the Controller, beginning January 1, 2024, is prohibited from offsetting delinquent accounts against personal income tax refunds of an individual who received the Foster Youth Tax Credit, in addition to individuals who received the Earned Income Tax Credit or the Young Child Tax Credit.

Tax Expenditure Report

- 2) Amends the annual due date for the Department of Finance to provide a report on tax expenditures to the Legislature to November 1st of each year, from the previous date of September 15th of each year.
- 3) Requires data on personal income tax expenditures in the report to include: expenditures categorized by taxpayers' income level and the related cost to the state, provided data is readily available.
- 4) Specifies that these changes to the report commence August 1, 2023.

New Employment Credit

- 5) Amends the New Employment Credit to include provisions for specific industries, who self-certify and verify in compliance with specified requirements:
 - a) Electric airplane manufacturing
 - b) Lithium production
 - c) Lithium battery manufacturing
 - d) Semiconductor manufacturing, research, and development
- 6) For taxpayers engaged specifically in each of these industries, the amendments:

- a) Eliminate the requirement that the new employment be located within a designated census tract or economic development area.
 - b) Amend the portion of wages for qualified employees to reflect wages that exceed 100 percent, but do not exceed 350 percent of the minimum wage.
 - c) For each taxable year beginning on or after January 1, 2023, and before January 1, 2024, allow a qualified taxpayer to request a tentative credit reservation from the Franchise Tax Board on or before the last day of the month following the close of the taxable year for which the credit is claimed, instead of within 30 days of complying with specified new hire reporting requirements.
- 7) Provides an appropriation of \$10,000 for the Franchise Tax Board to make necessary changes to the credit reservation system to comply with these changes.

Incomplete Gift Nongrantor Trusts

- 8) Commencing with the 2023 taxable year, the income from an incomplete gift nongrantor trust would be included in the income of the grantor, as if the trust was a grantor trust, except when the fiduciary of a trust where 90 percent of beneficiaries are charitable organizations elects to be taxed as a resident nongrantor trust.

Middle Class Tax Refund Clean-Up

- 9) Specifies that the Franchise Tax Board shall issue payments for the Middle Class Tax Refund no later than September 30, 2023, with allowances for re-issuance of payments as necessary.

FTB Data Sharing Agreements

- 10) Amends the data sharing requirements between the State Department of Social Services, the State Department of Health Care Services, and the Franchise Tax Board to specify data elements to be shared on social services and health program participants for use in informing individuals of available tax credits.

Wildfire Settlements Tax Exemptions

- 11) For taxable years beginning on or after January 1, 2020, and before January 1, 2028, excludes from gross income for any qualified taxpayer, amounts received in settlements associated with either the 2019 Kincadee Fire in the County of Sonoma, or the 2020 Zogg Fire in the Counties of Tehama and Shasta.

Other:

- 12) Includes findings to comply with Section 41 that requires the additional information for any bill authorizing a new tax expenditure.
- 13) Makes findings and declarations related to gift of public funds.

14)Makes a declaration that this bill provides an appropriation related to the Budget Bill.

Fiscal Effect: According to the Senate Budget and Fiscal Review Committee, the provisions of this bill are expected to result in General Fund revenue losses in the low millions in 2023-24 and future years, and the Incomplete Nongrantor Trust changes are anticipated to result in a \$30 million revenue gain in 2023-24 with revenue gains of roughly \$17 million in subsequent years. These revenue changes are assumed in the overall estimates of the 2023-24 Budget package:

Support: None on File

Opposed: None on File

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 132 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Income taxes: tax credits: motion pictures: occupational safety: California Film Commission

Summary: This bill extends the authority for the California Film Commission (CFC) to allocate, and for qualified taxpayers to claim, the California Motion Picture and Television Production Credit for an additional five years, starting in 2025-26, authorized at \$330 million per year, and makes the credit refundable (referred to as the Film and Television Credit 4.0).

In addition, this bill makes various changes to the current authorized version of the credit (Film and Television Credit 3.0) and the California Soundstage Filming Tax Credit and includes set safety provisions.

Background: The CFC allocates credits to taxpayers producing a motion picture or television show in California according to a competitive process. The California Motion Picture and Television Production Credit has been re-authorized three times. While new applications are only currently accepted for Program 3.0, carryforward allowances mean that credits issued under Programs 1.0 and 2.0 may still be in the process of being claimed on tax returns. In addition, the Soundstage filming credit is a new additional credit.

The California Motion Picture and Television Credit 3.0 is the most recent authorization of the credit and it allows a credit against the Personal Income and Corporation Taxes for taxpayers producing qualified motion pictures, administered and allocated by the CFC. Under this credit, the CFC may allocate up to \$330 million in tax credits annually for fiscal years 2020-21 to 2024-25 for qualified motion pictures.

Proposed Law: Specifically this bill:

- 1) Extends the authority for the California Film Commission (CFC) to allocate, and for qualified taxpayers to claim, the California Motion Picture and Television Production Credit for an additional five years, starting in 2025-26 (Film and Television Tax Credit 4.0) maintaining the current authorization amount of \$330 million per year.
- 2) Amends the credit structure for the Film and Television Tax Credit 4.0 to make it refundable, thereby allowing taxpayers with insufficient tax liability to make use of the credit. Specifically:
 - a. In the first taxable year that the credit certificate is issued to the qualified taxpayer, the taxpayer has the option to make a one-time irrevocable election to receive refunds at a discounted rate over five years.

- b. A taxpayer who does not elect to receive refunds will be able to use the credit against tax liability and to carry the credit forward in the following eight years following the first year.
 - c. If the taxpayer year makes a one-time irrevocable election to receive refunds then in the first year the taxpayer has to first apply the credit against liability. Ninety percent of the remaining credit amount is evenly distributed over a 5-year period starting in the first year.
 - 3) Provides recipients with 96 percent of the credit amount and includes an additional four percent if the applicant chooses to submit a diversity workplan that includes specified diversity goals for the project. The additional percentage will be approved for applicants that show in their diversity workplan that they have met or made a good-faith effort to meet the goals they set for the project. Specifically:
 - a. All applicants must submit a diversity workplan checklist, developed by the CFC upon submission of their application for the credit.
 - b. Upon receipt of a tax credit, applicants who choose to submit a diversity workplan to address diversity and be broadly reflective of California's population in terms of race, ethnicity, gender, and disability status, including required components in statute and regulation.
 - c. Applicants may submit an interim assessment on progress towards meeting the goals of the workplan to the CFC.
 - d. Applicants who submitted a diversity workplan must submit a final diversity assessment including information about how the project met or made a good-faith effort to meet the diversity workplan.
 - 4) Requires the CFC to submit to the Legislature on an annual basis, commencing June 30, 2027 containing diversity data provided by the applicants. The report shall contain, in the aggregate and per project, an assessment of whether the diversity workplan goals required by this section were met for qualified motion pictures that submitted the final assessment to the CFC in the prior fiscal year and specified details. This reporting is in addition to tax credit specific reporting to the Legislative Analyst's Office, and other aggregate data reported to the Legislature and on the CFC Website.
 - 5) Increases the amount provided to Career Pathways Program from an amount equal to 0.25 percent of the approved credit amount to an amount equal to 0.5 percent. Specifies that, beginning January 1, 2028, the amount may be increased up to 0.25 percent per year, up to 1.0 percent of the credit amount, based on an evaluation of the program and job availability and growth in the industry. Beginning January 1, 2025, the CFC is required to collect, and report to the Legislature specified information on the Career Pathways Program and participants.
 - 6) Includes an additional CFC Board member who is a diversity, equity, and inclusion expert employed in the motion picture industry.

- 7) Establishes the Safety on Productions Pilot Program. Commencing July 1, 2025, and until June 30, 2030, inclusive, the Pilot Program will require that motion picture production employers that receive a specified motion picture tax credit, for that motion picture production, to hire specified staff related to set safety, require specified safety activities, and require a final safety evaluation report, among other things. An evaluation of the program is required and recommendations provided to the Legislature at the completion of the pilot program.

Tax Credit 3.0 and Soundstage Credit

- 8) Provides that for a certified studio construction project that a project be certified by the commission for a period of 5 years instead of 3 years.
- 9) Provides that a qualified motion picture to pay or incur at least \$5,000,000 in qualified wages instead of \$7,500,000, and would remove the requirement that it be during the taxable year.
- 10) Makes conforming changes between the diversity workplan with the Soundstage credit and 4.0 by requiring the Soundstage credit to also include disability status in addition to race, ethnicity and gender for consideration in a diversity workplan.
- 11) Limits the amount that may be allocated to any qualified motion picture to \$12,000,000, or \$750,000 per episode for a season of a television series instead of the aggregate amount of \$150,000,000 and the allocation for a season of a series or a feature film to \$12,000,000.

Other

- 12) Provides that the provisions in the trailer bill are severable.
- 13) Makes a declaration that this bill provides an appropriation related to the Budget Bill.

Fiscal Effect: The bill would extend the Film and Television Tax Credit for an additional five years, beginning in 2025-26. The credit is authorized at \$330 million per year. The extension has an estimated revenue impact of \$8 million in 2025-26 and of \$49 million in 2026-27, with most costs reflected in the out years.

Over the lifetime of the credit, costs associated with the extension are projected to total a little less than \$1.65 billion, including about \$200 million lifetime costs for refundability provisions. These costs are spread over 12 years from 2025-26 through 2036-37.

These revenue impacts are included in the 2023-24 budget package.

Support: None on File

Opposed: None on File

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No: AB 133 **Hearing Date:** June 26, 2023
Author: Committee on Budget
Version: June 24, 2023 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Nora Brackbill

Subject: Courts

Summary: This bill, as part of the 2023-24 Budget Package, includes the following statutory changes:

- 1) **Access to Justice Commission.** Makes various changes to facilitate a loan repayment assistance program operated by the Access to Justice Commission, including:
 - a) Establishes the Access to Justice Commission as a nonprofit public benefit corporation.
 - b) Appropriates \$250,000 General Fund to the commission to administer a Loan Repayment Assistance Program for legal aid attorneys.
 - c) Allows the support of loan repayment assistance programs as a permissible use of the Equal Access Fund.
- 2) **Racial Justice Act.** Specifies appointed attorney requirements in cases with claims pursuant to subdivision (f) of Section 1473 of the Penal Code.
- 3) **Court Lactation Rooms.** Delays the requirement to provide court users access to lactation rooms in courthouses from July 1, 2024 to July 1, 2026.
- 4) **Civil Filing Fees.** Removes the sunset dates for specified civil fee increases which would otherwise have expired in the upcoming fiscal year. These fees include motion fees, complex case fees, and first paper fees.
- 5) **Appellate Court Security.** Authorizes the Judicial Council to apportion funds in the Appellate Court Trust Fund in order to manage the Appellate Court Security Pilot program.
- 6) **Remote Proceedings.** Includes various statutory changes related to remote court proceedings, including:
 - a) Extends the sunset on specified court proceedings, including certain civil and juvenile matters, from July 1, 2023 to January 1, 2026.
 - b) Requires the Judicial Council to adopt by April 1, 2024, and trial courts to implement by July 1, 2024, minimum standards for courtroom technology.

- c) Includes other requirements related to the locations of court reporters and judicial officers.
- d) Requires the superior courts to report to the Judicial Council annually on the impact of remote proceedings.

Fiscal Effect: The provisions of this bill are necessary to implement the requirements of the 2023-24 Budget.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

Bill No:	AB 134	Hearing Date:	June 26, 2023
Author:	Committee on Budget		
Version:	June 24, 2023 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Nora Brackbill		

Subject: Public safety trailer bill

Summary: This bill, as part of the 2023-24 Budget Package, makes the following statutory changes:

- 1. Criminal Fee Repeal.** Repeals criminal administrative fees related to record sealing and post-conviction remedies pursuant to Penal Code Sections 1203.4, 1203.41, 1203.42, and 1203.45.
- 2. Family Visitation.** Includes various statutory changes related to visitation in state prison, including:
 - a. Allows visitors to bring specified items to in-person and family visits, including, but not limited to, baby food and snacks, diapers, breast milk and pumping supplies, personal linens, and toys and homework.
 - b. By July 1, 2024, upon request of a visitor, requires the Department of Corrections and Rehabilitation to scan certain required documents into their Strategic Offender Management Systems, in order to streamline future visits.
- 3. Prison Closure and Capacity Assessment.** Includes Legislative intent to close additional state prisons, and requires the Department of Corrections and Rehabilitation to provide an assessment to the Legislature on the overall housing needs of the department and the operational capacity of each state owned and operated prison.
- 4. San Quentin Rehabilitation Center.** Includes various statutory changes related to the San Quentin Rehabilitation Center, including:
 - a. Renames the California State Prison at San Quentin to the San Quentin Rehabilitation Center, and makes conforming changes to that effect.
 - b. Authorizes the Department of Corrections and Rehabilitation to use the progressive design-build procurement process for the demolition of Building 38 and the design and construction of a new educational and vocational center at the San Quentin Rehabilitation Center.

- c. Exempts specified capital outlay projects at San Quentin Rehabilitation Center from complying with State Historic Preservation and California Environmental Quality Act requirements.
5. **SB 731 Implementation Delay.** Delays the implementation of SB 731 (Durazo), Chapter 814, Statutes of 2022 by one year to July 1, 2024.
6. **Advisory Council.** Appropriates \$531,000 General Fund to the Department of Justice to establish the Advisory Council on Improving Interactions between People with Intellectual and Developmental Disabilities and Law Enforcement, pursuant to Section 13016 of the Penal Code, added by SB 822 (Eggman), Chapter 899, Statutes of 2022.
7. **Disclosure.** Temporarily exempts the Commission on Peace Officers Standards and Training from the disclosure of certain records pursuant to the California Public Records Act, specifically those provided to the commission by other agencies in connection with the commission's duties under Section 13510.8 of the Penal Code, with the following limitations:
 - a. Specifies that should the commission receive a request for records exempted by this section, the commission will forward the request to the agency that provided the records and notify the requestor.
 - b. Specifies that public records created by the commission are not exempt under this section.
 - c. Specifies that this section does not limit the disclosure of records pursuant to Section 13510.85 of the Penal Code.
 - d. Specifies that this section does not exempt any other agency from disclosing public records.
 - e. Sunsets on January 1, 2027 and clarifies that upon repeal of the section, all documents are subject to applicable disclosure laws, including ones in the commission's possession when the section was operative.
8. **Juvenile Justice.** Includes various statutory changes related to juvenile justice and to provide for the closure of the Division of Juvenile Justice on June 30, 2023, including:
 - a. Extends the authority of the Board of State and Community Corrections to inspect for the suitability of jails, juvenile halls, and special purpose juvenile halls that are used for the confinement of minors to camps, ranches, and secure youth treatment facilities, and replaces the term minor with juvenile, as defined.
 - b. Clarifies the baseline term of confinement and the calculation of credits earned for youth who are transferred from the Division of Juvenile Justice to county supervision.

- c. Makes clarifying changes regarding progress review hearings for youth, including specifying that decisions related to modifying terms and placements are judicial decisions.
 - d. Makes technical changes related to sight and sound separation of youth and adults in detention facilities.
9. **Technical Changes.** Includes the following technical and clarifying changes:
- a. Clarifies that reporting to the Department of Justice under Section 13777 of the Penal Code by various local law enforcement agencies, district attorneys, and elected city attorneys shall be on a monthly basis, and that the report related to anti-reproductive rights crimes shall be published beginning July 1, 2025 and every year thereafter.
 - b. Shifts the due date of the annual Armed Prohibited Persons System report from April 1 to March 15.
 - c. Includes technical changes to address chaptering out issues related to SB 1106, (Wiener), Chapter 734, Statutes of 2022.

Fiscal Effect: The provisions of this bill are necessary to implement the requirements of the 2023-24 Budget Act.

Support: None on file.

Opposed: None on file.

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