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**Agenda**

**June 27, 2022**

**10:00 a.m. – Senate Chamber**

<b><u>BILL</u></b>	<b><u>AUTHOR</u></b>	<b><u>SUBJECT</u></b>
1) AB 178	Ting	Budget Act of 2022
2) AB 180	Ting	Budget Act of 2021
3) AB 129	Committee on Budget	State Employment: State Bargaining Units
4) AB 181	Committee on Budget	Education
5) AB 182	Committee on Budget	COVID-19 Emergency Response: Learning Recovery Emergency Fund
6) AB 183	Committee on Budget	Higher Education
7) AB 184	Committee on Budget	3 X E O L F Health
8) AB 186	Committee on Budget	Skill H G Nursing Fa F L O L W \ Financing Reform
9) AB 187	Committee on Budget	Human Services

10) AB 188	Committee on Budget	Developmental Services
11) AB 189	Committee on Budget	General Government
12) AB 191	Committee on Budget	Employment
13) AB 192	Committee on Budget	Better for Families Rebates
14) AB 193	Committee on Budget	Economic Development
15) AB 194	Committee on Budget	Taxation
16) AB 195	Committee on Budget	Cannabis
17) AB 196	Committee on Budget	State Employment: State Bargaining Units
18) AB 197	Committee on Budget	Housing
19) AB 198	Committee on Budget	Transportation
20) AB 199	Committee on Budget	Courts
21) AB 200	Committee on Budget	Public Safety
22) AB 201	Committee on Budget	Taxation: Earned Income Tax Credit
23) AB 202	Committee on Budget	Public Safety Infrastructure
24) AB 203	Committee on Budget	Resources
25) AB 205	Committee on Budget	Energy
26) AB 208	Committee on Budget	Lithium Valley
27) AB 210	Committee on Budget	Early Childhood Education
28) AB 212	Committee on Budget	State Employment: State Bargaining Units
29) AB 213	Committee on Budget	Elections

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 178 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** February 18, 2021 As amended  
**Urgency:** No **Fiscal:** No  
**Consultant:** Elisa Wynne

**Subject:** Budget Act of 2022

**Summary:** This is a Budget Bill Junior associated with the Budget Act of 2022. This bill makes technical and substantive changes to the Budget Act.

**Background:** On June 13, 2022, the Legislature passed SB 154 (Skinner), which represented the Legislature's budget agreement. This bill represents changes to SB 154 for an agreement between the Legislature and the Administration. The 2022-23 budget includes total spending of just over \$300 billion, of which \$234.4 billion is from the General Fund.

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

## **K-12 Education**

- 1) Provides \$150,000 to support the Mathematics Curriculum Framework.
- 2) Provides \$4 billion ongoing Proposition 98 General Fund for the Expanded Learning Opportunities Program.
- 3) Re-appropriates \$66 million for the Teacher Residency Grant Program.
- 4) Reappropriates \$73 million for the Arts, Music, and Instructional Materials Discretionary Block Grant.
- 5) Includes \$2 million for inclusive resources for special education families and communities.
- 6) Provides \$24 million in General Fund backfill for the Commission on Teacher Credentialing to cover teacher examination waivers.
- 7) Provides numerous state operations positions for the California Department of Education, including Preschool, Literacy initiative experts, Fiscal Services, IT, and LGBTQ+ health initiatives.
- 8) Provides \$90 million ongoing Proposition 98 General Fund for the Classified School Employee Summer Assistance Program.

**Early Education and Child Care**

- 9) Includes the following child care and California State Preschool Program (CSPP) reimbursement rate changes as part of the 2022-23 Budget Package:
  - a) Provides cost of living adjustments to the Standard Reimbursement Rate of \$136 million General Fund for child care programs, \$33.2 million General Fund and \$67 million Proposition 98 General Fund for CSPP.
  - b) Increases the adjustment factor for three year olds and provides \$240 million Proposition 98 General Fund and \$130 million General Fund.
- 10) Appropriates \$100.2 million General Fund for agreements between the State of California and the Child Care Providers Union for providing health care benefits and other agreements.
- 11) Appropriates \$100.5 million in one-time federal funds for child care facilities.

**Higher Education**

- 12) Includes intent language to provide \$900 million General Fund in the 2023 Budget Act, and an additional \$900 million General Fund in the 2024 Budget Act, to establish a student housing revolving loan program for the University of California, the California State University, and California Community Colleges, pursuant to pending legislation.
- 13) Appropriates \$600 million Proposition 98 General Fund in 2022-23 as part of an ongoing base increase above the COLA for apportionments for California Community Colleges.
- 14) Appropriates \$211.1 million General Fund, for the start of an ongoing five-percent base increase, to support operational costs at California State University.
- 15) Appropriates \$200.5 million General Fund, for the start of an ongoing five-percent base increase, to support operational costs at University of California.
- 16) Clarifies that \$125 million General Fund in 2022-23 each for UC and CSU is for deferred maintenance, seismic mitigation, and energy efficiency projects. The investments are not for capital outlay.
- 17) Increases the Cal Grant award amount for students attending private, nonprofit institutions from \$9,220 to \$9,358 in academic year 2022-23 and each year thereafter.
- 18) Extends the supplemental Cal Grant support for foster youth and students with dependent children to those attending private, nonprofit institutions in academic year 2022-23 and each year thereafter.

- 19) Appropriates \$500 million General Fund over three years for the construction of an Institute for Immunology and Immunotherapy at the University of California, Los Angeles. Of this amount, \$200 million General Fund is appropriated in 2022-23, \$200 million General Fund in 2023-24, and \$100 million General Fund is in 2024-25.
- 20) Makes technical and clarifying changes for UC Basic Needs.
- 21) Makes technical and clarifying changes for UC Enrollment. Removes funding in 2023-24 and ongoing for enrollment targets.
- 22) Appropriates \$2.5 million General Fund in 2022-23 to support the Center for Responsible, Decentralized Intelligence at UC Berkeley.
- 23) Clarifies that the 2022-23 appropriation for the Unseen Latinas Initiative at the UCLA Latino Policy and Politics Institute is for policy research, civic engagement, and a leadership program.
- 24) Clarifies that of \$83 million General Fund appropriated in 2022-23 to support campus expansion projects at Riverside and Merced, \$51.5 million shall be available to UC Riverside and \$31.5 million shall be available to UC Merced.
- 25) Appropriates \$2 million General Fund in 2022-23 for the Center for Medicinal Cannabis Research at the UC San Diego campus to study the impairment effect that commercial cannabis products have on driving capabilities.
- 26) Includes \$185 million General Fund in 2022-23 for climate initiatives as follows: 1) \$100 million to support statewide climate action research seed and matching grants, and grants for projects at University of California Innovation and Entrepreneurship centers to incentivize and expand climate innovation and entrepreneurship and 2) \$85 million to support climate initiatives at the Santa Cruz, Merced, and Riverside campuses.
- 27) Makes technical and clarifying changes for California Community Colleges Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program.
- 28) Appropriates \$45 million Proposition 98 General Fund in 2022-23 to support of the California Healthy School Food Pathway program over a three-year period.
- 29) Includes clarifying provisional language for the Puente Project, Mathematics, Engineering, Science Achievement (MESA), Rising Scholars, and Umoja programs.
- 30) Eliminates the cap on the number of community college districts eligible for funding through the NextUp program.

- 31) Appropriates \$3.9 million non-Proposition 98 General Fund to the Chancellor's Office for 26 new positions starting in 2022-23. These positions will be funded on an ongoing basis.
- 32) Makes technical and clarifying changes for CSU Enrollment. Removes funding in 2023-24 and ongoing for enrollment targets.
- 33) Makes technical and clarifying changes for the Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program at CSU.
- 34) Appropriates \$10 million General Fund in 2022-23 and ongoing for CSU basic needs.
- 35) Appropriates \$35 million General Fund in 2022-23 and ongoing for Graduation Initiative 2025 at CSU.
- 36) Clarifies that \$1.48 million General Fund in 2022-23 to expand or establish a First Star Foster Youth Cohort at California State University campuses will be selected through a competitive grant process by the Office of the Chancellor of the CSU.
- 37) Appropriates \$79 million General Fund in 2022-23 to support a new student center at the Palm Desert campus of California State University, San Bernardino.
- 38) Includes administration costs and reporting language associated with the \$68 million General Fund in 2022-23 to establish the Statewide Imagination Library, a California iteration of Dolly Parton's Imagination Library, under the administration of the State Librarian.
- 39) Appropriates \$5 million General Fund in 2022-23 to support the California Indian Nations College as it seeks federal accreditation.

**Resources and Energy**

- 40) As part of the multi-year, \$19.3 billion Climate-Energy Package, in 2022-23, appropriates a total of \$4.83 billion General Fund, as follows:
  - a) Energy reliability, relief, and clean energy investments: \$2.49 billion,
  - b) Wildfire and Forest Resilience: \$320 million.
  - c) Drought Response and Resilience: \$116.2 million.
  - d) Extreme Heat: \$150 million.
  - e) Nature-Based Solutions: \$594 million.
  - f) 2022 Zero Emission Vehicles: \$500 million.

- g) Flexible Climate Set Aside: \$661.2 million.
- 41) Appropriates \$22.9 million General Fund to the California Natural Resources Agency for a local assistance grant for John Muir Trail Projects.
- 42) Appropriates \$1.6 million General Fund to the California Natural Resources Agency for a local assistance grant to build the Allensworth Civic & Entrepreneurship Center.
- 43) Appropriates \$96 million General Fund to the Department of Forestry and Fire Protection (CalFire) for the acquisition of four S70i Fire Hawk helicopters.
- 44) Appropriates \$60.6 million General Fund to CalFire for deferred maintenance and special repair projects at existing CalFire, Conservation Corps, and California Military Department facilities to accommodate additional fire crews.
- 45) Appropriates \$120 million (\$80 million Greenhouse Gas Reduction Fund (GGRF) and \$40 million General Fund) to the State Coastal Conservancy for the Climate Ready Program for purposes of funding nature-based projects to address sea level rise. Of this total funding, \$30 million is directed towards projects in the San Francisco Bay Area.
- 46) Appropriates \$15 million to Department of Parks and Recreation (Parks) for the K-12 and Interpretive Enrichment Program.
- 47) Appropriates \$25 million to Parks for the California Cultural and Art Installations in the Parks Program.
- 48) Appropriates \$28 million to Parks for the construction of a Visitor Center at the Colonel Allensworth State Historic Park and requires the department to conduct community engagement efforts with stakeholders in the planning and design of the Visitor Center and related improvements.
- 49) Appropriates \$1.85 million Air Pollution Control Fund for the establishment of the Office of Racial Equity.
- 50) Appropriates \$15 million General Fund to the State Water Resources Control Board for grants, contracts, and direct expenditures for the purpose of addressing Per- and Polyfluoroalkyl Substances (PFAS) in drinking water systems.
- 51) Appropriates \$180 million Greenhouse Gas Reduction Fund to the Department of Resources Recycling and Recovery for grants to local jurisdictions for purpose of funding organic waste infrastructure projects.
- 52) Appropriates \$140 million General Fund to the California Energy Commission to support long-duration energy storage projects.

- 53) Appropriates \$700 million General Fund to the Department of Water Resources (DWR) for the Strategic Reliability Reserve.
- 54) Appropriates \$600 million in Greenhouse Gas Reduction Fund (GGRF) for California Air Resources Board (CARB) for clean trucks, buses and off-road equipment, including the administration of the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project (HVIP), and supporting advanced technology demonstration and pilot commercial deployment projects.
- 55) Appropriates \$76 million GGRF to CARB for a suite of equity transportation programs established under the Charge Ahead Initiative, including Clean Cars 4 All Program.
- 56) Appropriates \$1.2 billion to the Community Services and Development Department for energy utility arrearages.
- 57) Appropriates \$1.5 billion Proposition 98 General Fund to the CEC and CARB for zero emission school buses.

**Health**

- 58) Appropriates \$175 million General Fund to support youth behavioral health, including the following components:
  - a) DHCS - \$75 million for wellness and resilience building supports for children, youth, and parents, including support of well-being and mindfulness programs and providing support and training for parents.
  - b) DHCS - \$10 million for the School-Based Peer Mental Health Demonstration Project, to provide grants to up to eight high schools to establish peer-to-peer support programs.
  - c) CDPH – \$40 million to support a Youth Suicide Prevention Media Campaign and Community-Based Organization Mini-Grant Program, no later than December 1, 2022.
  - d) CDPH - \$50 million to support the Youth Suicide Reporting and Crisis Response Pilot Program.
- 59) Appropriates \$275.1 million General Fund to support workforce development programs for behavioral health, public health, clinics and primary care, including the following components:
  - a) \$25 million to create additional slots for Addiction Psychiatry and Addiction Medicine Fellowship programs.
  - b) \$26 million to increase the number of licensed behavioral health professionals through grants to existing university or college behavioral health professional training programs.
  - c) \$30 million to provide grants to public schools of social work to expand the number of Masters of Social Work students.



- d) \$5 million to support competitive grants to psychiatry graduate medical education programs that prioritize medically underserved populations and areas.
  - e) \$14 million to support a loan repayment program for psychiatrists that agree to a five year service commitment at DSH, and a one day a week rotation of service in the local public behavioral health system.
  - f) \$8 million to support a Public Health Pathways Training Corps aimed at providing fellowships for early career public health professionals and internships for students from diverse backgrounds and disproportionately affected communities to conduct public health activities at local health departments.
  - g) \$3.2 million to support a Public Health Workforce Career Ladder Education and Development Program to support worker upskilling and improve retention of the public health workforce.
  - h) \$3.3 million to waive certification and recertification fees for public health nurses for three years.
  - i) \$3.2 million to increase the number of Public Health Microbiologist Trainees in California
  - j) \$3.2 million to support increased funding for the Lab Aspire Program, which trains and prepares qualified professionals to direct local California Public Health Laboratories.
  - k) \$3.2 million to increase the number of fellows in the California Epidemiologic Investigation Service Training Program, which prepares epidemiologists for public health leadership positions throughout California.
  - l) \$75 million to support the clinic workforce.
  - m) \$15 million to support health information technology training programs.
  - n) \$20 million to support targeted recruitment and retention resources and financial support to ensure clinicians and other health workers can receive abortion training.
  - o) \$1 million to support the Midwifery Workforce Training Act, which allows certified nurse-midwives and licensed midwives to participate in training opportunities through the Song-Brown Healthcare Workforce Training Program.
  - p) \$20 million to support nurse training in the Song-Brown Healthcare Workforce Training Program.
- 60) Appropriates \$10 million General Fund to support community-based clinical education rotations for dental students in their final year, or dental residents.
- 61) Appropriates \$15 million General Fund to support the California Accountable Communities for Health Initiative.
- 62) Appropriates \$150,000 Mental Health Services Fund to support the Department of Human Resources to evaluate the feasibility of incorporating the role of behavioral health peers into state civil service.
- 63) Appropriates \$12.5 million General Fund to support programs for Culturally Diverse Future Behavioral Health Workers at HCAI.
- 64) Appropriates \$20 million General Fund for the Abortion Practical Support Fund, which will provide grants for nonprofit organizations and health care providers that assist patients overcoming barriers to abortion care.

- 65) Appropriates \$15.2 million for implementation of elements of the Community Assistance, Recovery, and Empowerment (CARE) Court at DHCS, contingent on adoption of statutory changes implementing CARE Court.
- 66) Appropriates \$3.6 million General Fund to offset the cost of rate increases for residential outpatient treatment programs.
- 67) Appropriates \$70 million General Fund for equity and practice transformation payment to qualified Medi-Cal providers.
- 68) Appropriates \$14.8 million General Fund to support supplemental payments to nonhospital community clinics that provide abortion services and serve Medi-Cal beneficiaries.
- 69) Appropriates \$30 million (\$16.4 million General Fund and \$13.6 million Mental Health Services Fund) to support the Peer-Run Warm Line administered by the Mental Health Association of San Francisco.
- 70) Appropriates \$2 million General Fund to support free clinics.
- 71) Appropriates \$10 million to support a syphilis outbreak strategy at CDPH.
- 72) Appropriates \$3 million to support demonstration projects to improve the health and well-being of Californians living with or at risk for hepatitis B infection.
- 73) Appropriates \$1 million General Fund to support a hospice fraud task force at DPH.
- 74) Appropriates \$1 million General Fund to support distribution of infant car seats to low-income parents.
- 75) Appropriates \$7 million General Fund to support the Governor's Fitness Council.
- 76) Appropriates \$4 million General Fund to support skilled nursing facility oversight and auditing.
- 77) Appropriates \$304 million to support reimplementation of the State Premium Subsidy Program at Covered California and adopts budget bill language allowing Covered California to utilize those funds for alternative financial assistance programs if federal American Rescue Plan Act subsidies are extended.
- 78) Deletes state ownership requirements for the insulin manufacturing facility project implemented by the CalRx program.
- 79) Eliminates \$10 million General Fund support for Promotoras de Salud.

**Human Services**

- 80) Implementation of Rate Study. Includes \$159.1 million General Fund in 2022-23 to accelerate the service provider rate increase by six months to January 1, 2023.

- 81) SSP Grants. Provides \$150 million in 2022-23 to accelerate the SSP grant increase approved in the 2021 Budget Act.
- 82) Operating Subsidies for “Board and Care” Facilities. Includes \$55 million for operating subsidies for “board and care” facilities that serve adults that need assistance with daily living activities.
- 83) Modernizing the Older Californians Act. Includes \$59.3 million in 2022-23, growing in the following years, to restore services and supports for older adults that were eliminated in the last recession.
- 84) CalWORKs Grants. Includes funding to increase CalWORKs grants levels by 21 percent beginning October 1, 2022.
- 85) Emergency Caregiver Payments. Includes \$1.7 million to provide emergency caregiver payments for up to 365 days, under specific circumstance. The payments would go to families that take in children in emergency situations while they await approval as a resource family.

**Cannabis**

- 86) Shifts regulatory costs for various departments from the Cannabis Tax Fund to the Cannabis Control Fund.
- 87) Establishes the Cannabis Local Jurisdiction Retail Access Grant Program, and will grant up to \$20 million to local jurisdictions that plan to expand cannabis retail access that currently do not have any cannabis retail permitting programs.

**Housing and Homelessness**

- 88) The budget includes \$300 million in 2022-23 and \$400 million in 2023-24 for Encampment Resolution grants, to help local governments with resolving critical encampments and transitioning individuals into permanent housing. This includes funding specifically for addressing encampments on state rights of way.
- 89) The budget provides the following funding for investments in affordable housing:
- a) \$150 million in 2022-23, with another \$250 million in 2023-24, for Adaptive Reuse. This is augmented by an additional \$10 million reappropriation of existing funding in 2022-23.
  - b) \$200 million in 2022-23 for the Infill infrastructure Grant Program. This includes \$34 million set aside for small jurisdictions. The budget framework includes an additional \$225 million in 2023-24.
  - c) \$25 million in 2022-23 for mobile homes and manufactured housing, with an additional \$75 million in 2023-24.
  - d) \$50 million in 2022-23 for the preservation of existing affordable housing, with an additional \$100 million in 2023-24.
  - e) \$25 million in 2022-23 for affordable housing on state excess sites, with an additional \$75 million in 2023-24.

- \$250 million in 2022-23 for the CalHOME program, with an additional \$100 million in 2023-24.
  - \$250 million for the Housing Accelerator Program.
  - \$100 million in 2022-23 for the Multifamily Housing Program, with an additional \$225 million in 2023-24.
  - \$50 million for the Joe Serna Jr. Farmworker Housing Program.
  - \$50 million for ADU financing.
- f) \$50 million in 2022-23 to continue the Veterans Housing and Homelessness Prevention Program created by Proposition 41 (2014), with an additional \$50 million in 2023-24.
- g) \$50 million for the reuse of the Los Angeles County USC Hospital campus.

90) The budget provides \$30 million in 2022-23 to increase funding for legal aid to prevent eviction protection.

91) The budget provides \$500 million to establish the California Dream For All program to make homeownership more achievable for first time homebuyers, a critical first step to thriving in the middle class and building generational wealth. The \$500 million in General Fund resources may enable up to 4,000 homebuyers to participate in the program. Participation in future years will be based on budget allocations.

### **Corrections, Public Safety and the Judiciary**

92) Designates \$39.5 million for the Judicial Branch to implement Community Assistance, Recovery, and Empowerment (CARE) Court contingent on the passage of implementing legislation.

93) Adjusts the additional funding for the Court Appointed Special Advocates (CASA) program across the state from \$60 million to \$20 million in the budget year, reflecting an agreement to provide \$60 million over three years.

94) Makes technical and clarifying changes to the Judicial Branch.

95) Provides an additional \$7.2 million for the California Specialized Training Institute.

96) Increases federal reimbursement authority by \$34.5 million to account for Family Violence Prevention and Services Act American Recovery Plan COVID-19 Testing, Vaccine Access, and Mobile Health Units supplemental funding.

97) Reappropriates up to \$16,042,000 for community-wide home hardening.

98) Adjusts the transfer from the General Fund to the California Emergency Relief Fund to account for expenses across various departments related to emergency response and relief.

99) Requires OES to report on efforts to secure funding for the Early Earthquake Warning System.

100) Makes technical and clarifying changes to the Office of Emergency Services (OES).

- 101) Makes technical and clarifying changes to the Department of Justice.
- 102) Appropriates an additional \$22.8 million from the California Emergency Relief Fund to support the Employee Health Program, which provides various resources to employees at California Department of Corrections and Rehabilitation (CDCR) related to COVID-19.
- 103) Adjusts the amount available for restorative justice programming in the budget year from \$10 million to \$4 million, reflecting an agreement to provide \$10 million over three years.
- 104) Includes \$4.1 million for a veteran programming at the Correctional Training Facility.
- 105) Provides \$20 million General Fund for a capacity building grant to community-based organizations that provide programming for prisons.
- 106) Appropriates \$500,000 for reimagining condemned housing at San Quentin.
- 107) Includes additional resources for janitorial services provided by the Prison Industry Authority and for Victim Restitution Collection Services.
- 108) Adjusts the amount of budget year funding for the Community Reentry Program from \$75 million to \$40 million, reflecting an agreement to provide \$120 million over three years.
- 109) Requires CDCR to report on the distribution of retention payments to employees at the Division of Juvenile Justice.
- 110) Makes technical and clarifying changes to CDCR.
- 111) Provides \$10 million for grants to district attorneys to combat retail theft using vertical prosecution.
- 112) Provides \$20 million for grants to county probation departments to implement mobile service centers to facilitate court appearances and provide resources, particularly for unhoused probationers.
- 113) Increases the funding available for peace officer wellness grants from \$40 million to \$50 million.
- 114) Adjusts the distribution methodology for an appropriation to improve county juvenile justice facilities.
- 115) Makes technical and clarifying changes to the Board of State and Community Corrections.
- 116) Provides \$3 million from the Restitution Fund for outreach and education related to the victim compensation program.

- 117) Adjusts the backfill to the Restitution Fund to \$39.5 million.
- 118) Makes technical and clarifying changes to Victim Compensation Board.
- 119) Makes technical and clarifying changes to Commission on Peace Officer Standards and Training (POST).

**Labor and Workforce**

- 120) Makes a technical change to the program administrator for the California COVID-19 Workplace Outreach Project.
- 121) Makes technical and clarifying changes to the Statewide Reentry Employment Grant Program.
- 122) Makes technical and clarifying changes to reporting language associated with the EDDNext modernization projects.
- 123) Appropriates \$250 million General Fund in 2022-23 for payment towards the Unemployment Fund loan secured to pay unemployment insurance benefits.
- 124) Includes legislative intent language that \$500 million General Fund be appropriated in the 2024-25 Budget Act, as reflected in the multi-year forecast required pursuant to Government Code 13308, to provide relief to small businesses, as a result of the anticipated increases in federal unemployment insurance taxes.
- 125) Appropriates \$55 million in 2022-23 for the Apprenticeship Innovation Funding Program, which expands non-traditional apprenticeship programs and supports additional apprentice activities. This agreement includes \$60 million General Fund in each of 2023-24 and 2024-25 to fund the program.
- 126) Appropriates \$45 million General Fund in 2022-23 for the development and expansion of High Road Training Partnerships for health and human services.
- 127) Appropriates \$40 million General Fund in 2022-23 for a Displaced Oil and Gas Worker Fund.
- 128) Appropriates \$25 million General Fund in 2022-23 to support the Employment Training Panel training health and social workers.
- 129) Appropriates \$20 million General Fund for the development of the Oil and Gas Well Capping Pilot initiative in Kern and Los Angeles Counties.
- 130) Appropriates \$20 million General Fund as advance payment and support to the Emerald Cities Collaborative for the California Youth Leadership Corps for community change learn-and-earn career pathway programs at 20 selected community colleges over a four-year period. Includes Legislative intent to provide \$20 million in each of 2023-24 and 2024-25.

- 131) Appropriates \$20 million General Fund to support to the California Youth Apprenticeship Program. Includes legislative intent to provide \$20 million in 2023-24 and \$25 million in 2024-25 to support the program.
- 132) Appropriates \$20 million General Fund in 2022-23 for integrated education and training for English language learners.
- 133) Appropriates \$15 million General Fund in 2022-23 for support of the Low Carbon Economy Grant Program.
- 134) Appropriates \$15 million General Fund in 2022-23 to support Five Keys Adult School (SF Sherriff's), Five Keys Charter (SF Sherriff's), and Five Keys Independence High School (SF Sherriff's).
- 135) Appropriates \$10 million General Fund in 2022-23 for the Employment Training Panel to expand Workforce Literacy training.
- 136) Appropriates \$3.6 million Cannabis Control Fund in 2022-23 for support of Employment Development Department.
- 137) Appropriates \$3.9 million Labor Enforcement and Compliance Fund for the support of the Retaliation Complaint Investigation Unit. It is the intent of the Legislature to provide an ongoing \$14 million Labor Enforcement and Compliance Fund augmentation for this unit beginning in 2025-26.

**Transportation**

- 138) The budget includes \$200 million in federal funding for climate adaptation projects on the state highway system.

**General Government**

- 139) Appropriates \$25 million to continue the Summer Bridge Youth Employment Grant program through the remainder of the summer months.
- 140) Appropriates \$10 million for the Golden State Award program to provide grants for innovations across the state.
- 141) Appropriates \$917 million General Fund to the State Project Infrastructure Fund to support the Capital Annex project.
- 142) Appropriates \$8 million one-time funding for Women's Business Center Enhancement Program Grants. Funds are available for encumbrance and expenditure through June 30, 2025.
- 143) Appropriates \$30 million for the California Containerized Ports Interoperability Grant Program. Funds are available for encumbrance and expenditure through June 30, 2025.
- 144) Appropriates a total of \$11.1 million for competitive grants: \$8.7 million to develop or expand local immigrant integration initiatives and \$2 million to service providers to develop export training programs and curriculum aimed at underserved business owners, including immigrant entrepreneurs.
- 145) Appropriates \$15 million in California Emergency Relief Grant Funds to expand the California Venues Grant Program to include independent theatres.
- 146) Appropriates \$25 million for the California Regional Initiative for Social Enterprises Program. Funding is available for encumbrance or expenditure until June 30, 2024.
- 147) Appropriates \$75 million from the California Emergency Relief Grant Fund for the California Small Agricultural Business Drought Relief Grant Program to be administered by the Governor's Office of Business and Economic Development. Funding is available for encumbrance or expenditure until June 30, 2024.
- 148) Appropriates a total of \$20 million for the Inclusive Innovation Hub Program to be expended over a four-year period, including \$6.6 million for entrepreneurship grants.
- 149) Provides for the transfer of \$100 million in General Fund to the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Fund. Funds in this account will be used to create trust accounts for children who have lost a parent or primary caregiver to COVID-19 and for children in long-term foster care.
- 150) Provides for the transfer of \$50 million in General Fund to the California Investment and Innovation Fund. Funds in this account will be used to provide grants to Community Development Financial Institutions.



151) Appropriates a total of \$60.1 million in General Fund to the Franchise Tax Board for additional state operations related to the administration of variety of tax programs and systems upgrades.

152) Appropriates approximately \$2 billion for a variety of legislative priorities.

**Fiscal Effect:** This bill, when combined with SB 154, and various trailer bills, reflects a state spending plan that totals \$300 billion, of which \$234.4 billion is from the General Fund.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 180	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Ting		
<b>Version:</b>	June 25, 2022 Amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Elisa Wynne		

**Subject:** Budget Act of 2021

**Summary:** This bill is a Budget Bill Jr. associated with the Budget Act of 2021.

**Proposed Law:** This bill includes various budget bill amendments, including:

## Education

- 1) Provides an additional \$1.1 million in General Fund to cover costs of family fee waivers for the California State Preschool Program in the 2021-22 fiscal year.
- 2) Extends the encumbrance for an online LGBTQ+ cultural competency training, California Preschool Learning Foundations, and makes other technical amendments.
- 3) Extends the reporting deadline for the NPS/A Placements Study and the IEP Facilitation Network timeline.
- 4) Makes technical amendments for reappropriated funds for the Community Schools Partnership Act.
- 5) Provides clarification on University of California Common Learning Management System Provisions. The Budget Act of 2021 provided UC with \$1 million to adopt a common intersegmental learning management system. The amended budget bill language clarifies that the University of California's expenditure of these resources is contingent upon adoption of a common intersegmental learning management system at all of its campuses that enroll undergraduate students.

## Resources and Energy

- 6) For the Climate-Energy Package in 2021-22, appropriates the following:
  - a) Drought and Water Resilience: \$1.14 billion General Fund and California Emergency Relief Fund. (For details please see 7-11).
  - b) Wildfire and Forest Resilience: \$50 million General Fund.
  - c) \$619 million General Fund to support the transition to Zero Emission Vehicles and associated infrastructure.

- 7) Appropriates \$75 million California Emergency Relief Fund to the Department of Fish and Wildlife for the Biodiversity Conservation Program.
- 8) Appropriates \$26 million California Emergency Relief Fund to the Department of Water Resources for Continuing Formulation of the California Water Plan.
- 9) Appropriates to the Department of Water Resources from the California Emergency Relief Fund for local assistance, as follows:
  - a) \$200 million for Urban Water Community Drought Relief.
  - b) \$100 million for Small Community Drought Relief.
  - c) \$75 million for Conservation for Urban Suppliers.
  - d) \$25 million for Conservation for Small Suppliers.
  - e) \$75 million for Turf Replacement.
  - f) \$60 million for Agriculture Drought Response Program and Delta Response Pilot.
  - g) \$10 million for Migratory Bird Habitat.
- 10) Appropriates to the State Water Resources Control Board (SWRCB) from the California Emergency Relief Fund, the following:
  - a) \$8 million for Water Rights.
  - b) \$50 million for emergency interim or permanent solutions to drinking water emergencies.
- 11) Appropriates \$400 million General Fund to SWRCB as the state share of the clean water and drinking water state revolving funds.
- 12) Provides \$550 million General Fund to the California Energy Commission to support distributed electricity backup assets and utility scale assets including incentives for clean back up generation.
- 13) Provides \$1.5 billion General Fund to the Department of Water Resources (DWR) for the Strategic Reliability Reserve, as specified.

**Health**

14) Appropriates \$1.1 billion California Emergency Relief Fund to support retention payments of up to \$1,500 for eligible health care workers at hospitals and skilled nursing facilities.

**State Administration and General Government**

15) Makes a variety of technical changes to Control Sections 19.56 and 19.57 to ensure funding can be expended for intended purposes.

16) Includes an additional \$150 million from the General Fund for Project Homekey. This will augment the roughly \$1.4 billion already budgeted for this program in the 2021-22 budget.

17) Includes provisions allowing for the forgiveness of \$1.95 billion in General Fund loans made to sustain the Emergency Rental Assistance Program.

18) Includes provisions to allow for the receipt and disbursement of additional federal funds for housing and homelessness, should additional funding be made available by the federal government.

19) Includes technical and conforming changes related to the budget of the California Housing Finance Agency.

**Public Safety**

20) Transfers an additional \$4.03 billion from the General Fund into the California Emergency Relief Fund to account for various emergency response and relief related expenditures across multiple departments.

21) Increases California Department of Corrections and Rehabilitation's reimbursement authority for the Inmate Welfare Fund by an additional \$4.6 million to account for higher than expected canteen sales in 2021-22.

**Transportation**

22) Provides \$5.4 billion for a variety of investments in transportation infrastructure. This is the first year of an eventual four-year, \$10.8 billion transportation package. The funding in this bill includes:

- a) \$3.65 billion for investments in transit infrastructure.
  - i) This includes \$300 million for adapting certain rail lines to sea level rise, roughly \$1.5 billion for projects in Northern California, and roughly \$1.83 billion for projects in Southern California. The bill sets aside a minimum of \$900 million in each regional allocation for priority projects for which additional state funding would help maintain or secure additional federal or local funds. The total also includes up to \$150 million for the development of future projects that could eventually compete for additional funding.
- b) \$1.05 billion for the Active Transportation Program.

- c) \$350 million for high-priority grade separation projects.
- d) \$200 million to help local jurisdictions plan and invest in adapting their transportation infrastructure to climate change.
- e) \$150 million for planning and delivery of projects that will inform the future conversion of underutilized highways into multimodal corridors that serve existing communities.

23) The budget appropriates the remaining \$4.2 billion in bond funds from Proposition 1A, subject to the completion of a funding plan as required by Proposition 1A. The uses and limitations of these funds, as well as other changes to the governance and implementation of the state's high-speed rail project, are detailed in a budget trailer bill.

This bill amends the 2021 Budget Act, AB 128 (Ting, Chapter 21 Statutes of 2021) to include current year 2021-22 changes to the budget associated with the 2022 Budget Package. Other previous bills amending the budget act were Chapter 43 of the Statutes of 2021 (Assembly Bill No. 161), Chapter 69 of the Statutes of 2021 (Senate Bill No. 129), Chapter 84 of the Statutes of 2021 (Assembly Bill No. 164), Chapter 240 of the Statutes of 2021 (Senate Bill No. 170), Chapter 2 of the Statutes of 2022 (Senate Bill No. 115), and Chapter 9 of the Statutes of 2022 (Senate Bill No. 119).

**Fiscal Effect:** This bill transfers \$4.03 billion General Fund into the California Emergency Relief Fund and makes appropriations out of this fund for various emergency response and relief purposes and appropriates approximately \$8 billion in General Fund.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 129 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 24, 2022 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Hans Hemann

**Subject:** State employment: State Bargaining Units 16 and 18: agreements

**Summary:** Makes necessary and conforming changes to ratify and implement MOU side letters between two bargaining units (BUs) and the state. The agreements cover state employees represented by two exclusive employee representatives, as follows:

Union of American Physicians and Dentists (UAPD)

- Bargaining Unit 16: Physicians, Dentists, and Podiatrists

California Association of Psychiatric Technicians (CAPT)

- Bargaining Unit 18: Psychiatric Technicians

**Existing Law:**

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.
- 5) Requires the Legislative Analyst's Office (LAO) to analyze all state MOUs and to provide analysis of an MOU and its fiscal impact to the Legislature within 10 days of receipt of an MOU from CalHR.
- 6) Provides that fully vested state retirees (e.g., with 20 or more years of state employment or with 25 years or more, depending on the bargaining unit) are entitled to an employer contribution for retiree health care equal to 80 or 100 percent of the weighted average premium of the four health plans most highly utilized by all members. Depending on the bargaining unit, dependents are eligible for a contribution based on 80 or 90 percent of the average additional premiums

paid for dependents during the benefit year in which the formula is applied. These are referred to as the 80/80 and 100/90 formulas.

- 7) Requires that Medicare-eligible retirees enroll in Medicare and choose a Medicare-coordinated health plan.
- 8) Provides that the employer contribution for active state employee health care shall be determined through collective bargaining.

**Proposed Law:** This bill ratifies two MOU side letter agreements entered into between the state and BU 16 (UAPD) on May 1, 2022 and BU 18 (CAPT) on May 3, 2022, notwithstanding the requirement for the LAO to produce a fiscal analysis. Includes provisions to take effect immediately. Specifically, this measure ratifies the following:

- 1) To retain and recruit psychiatric specialists, the side letters establish a 15% pay differential for psychiatrists and psychiatric technicians performing in-person treatment at five psychiatric in-patient (PIP) facilities within CDCR/California Correctional Health Care Services. The five PIPs include - California Health Care Facility, California Medical Facility, San Quentin State Prison, California Institution for Women, and Salinas Valley State Prison.
- 2) To qualify for the pay differential, employees must have worked in a PIP providing direct care to patients for more than 50% of the pay period.
- 3) The pay differential does not apply to overtime hours.
- 4) The measure appropriates \$14,002,000 General Fund ongoing for the purpose of state employee compensation, as provided.

**Fiscal Effect:** This bill appropriates \$14,002,000 General Fund to implement the MOU side letters.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 181 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 25, 2022 As 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 statutory provisions of the Budget Act of 2022.

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

- 1) Makes statutory changes to the Local Control Funding Formula (LCFF) that will provide a 13 percent increase in LCFF funding above 2021-22 rates:
  - a. \$4.32 billion in LCFF base increases, above statutory growth and cost of living adjustment (COLA).
  - b. \$2.8 billion in LCFF increases to support the declining enrollment and 2021-22 ADA protections.
  - c. \$771 million for LCFF growth and COLA.
- 2) The bill also makes the following statutory changes that will make additional LCFF funding available:
  - a. \$637 million increase to reimburse LEAs at up to 60% of their transportation costs, or fund their current LCFF Home-to-School transportation add-on with ongoing COLA.
  - b. \$500 million in ongoing Proposition 98 General Fund for the special education funding formula to increase the base rate to \$820, and calculate the formula based on the LEA.
- 3) Supports county offices of education and their work to support schools by:
  - a. Increasing the funding for county offices of education by an overall ongoing \$101.2 million Proposition 98 General Fund through their LCFF allocation.
  - b. Provides that charter schools and county offices of education that share the same governing board as school district can receive differentiated assistance from county offices of education, and clarifies funding allocations for these purposes.
- 4) Provides \$300 million additional one-time Proposition 98 General Fund for additional PreKindergarten Planning and Implementation Grants, including operational costs.
- 5) Provides \$650 million in one-time General Fund for the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. Grant funds may be used to construct new school facilities or retrofit existing



school facilities for the purpose of providing transitional kindergarten classrooms, full-day kindergarten classrooms, or preschool classrooms. Also clarifies that community colleges that operate preschool programs on behalf of county offices of education or school districts can apply for funds in this program.

- 6) Provides an additional \$1.1 billion Proposition 98 General Fund for the California Community School Partnership Program, and makes clarifying changes for program implementation.
- 7) Starting in 2022-23, allows school districts to receive 60 percent of their reimbursed costs for the home-to-school transportation programs as a continuous appropriation. Requires governing boards to develop and adopt a plan to provide transportation services to its students, and prohibits local educational agencies from charging a fee for unduplicated pupils.
- 8) Consistent with the 2021 Budget, expands transitional kindergarten eligibility, and rebenchers the Proposition 98 Guarantee to accommodate enrollment increases, estimated to be \$611 million Proposition 98 General Fund. This bill also reduces the adult-to-student ratio for transitional kindergarten, at an estimated cost of \$383 million Proposition 98 General Fund.
- 9) Appropriates \$200 million one-time Proposition 98 General Fund, available over five years, to expand dual enrollment planning and implementation opportunities coupled with student advising and support services.
- 10) Makes clarifying changes to the Educator Effectiveness Block Grant to support increased educator access to standards-aligned professional support for high-need areas of instruction.
- 11) Clarifies that the Orange County Department of Education may grant remaining funds for the Multi-Tiered System of Support network.
- 12) Clarifies that basic aid school districts serving basic aid court-ordered voluntary pupil transfers will continue to receive apportionment funding to serve those students.
- 13) Clarifies reporting requirements for the A-G Completion Improvement Grant Program.
- 14) Repeals outdated code sections related to home-to-school transportation provisions.
- 15) Extends additional relief provided under Assembly Bill 1840 (2018) to Oakland Unified School District and Inglewood Unified School District.
- 16) Provides 2021-22 average daily attendance (ADA) protections for local educational agencies that can demonstrate they provided independent study offerings to students.

- 17) Makes statutory changes to provide declining enrollment protections in the Local Control Funding Formula by allowing school districts to consider its current year, prior year, or the average of the three prior years' ADA in its funding calculations.
- 18) Adjusts the funding bands used to compute necessary small school entitlements to provide qualifying necessary small schools with the greater of either their computed local control funding formula entitlement or their computed necessary small schools entitlement.
- 19) Extends the deadline for the observation protocol for teachers of English Learners by one year.
- 20) Enables the Department of Education to contract for its services as a fiscal expert or advisor of the seven school districts in the state that share the same governing board as the county office of education.
- 21) Makes various statutory changes to the Integrated Teacher Preparation Program, to promote four-year teacher credential and degree initiatives.
- 22) Makes clarifying statutory changes to the National Board for Professional Teaching Standards Certification Incentive Program.
- 23) Augments the Teacher Residency Grant Program established in the 2021 Budget with \$184 million one-time Proposition 98 General Fund, for a total program increase of \$250 million Proposition 98 General Fund with reappropriated funds, and expands eligibility to school counselors. Also extends the sunset deadline by one year to 2030.
- 24) Appropriates \$20 million for a state technical assistance center for teacher residency programs.
- 25) Makes clarifying statutory changes to the 21<sup>st</sup> Century California School Leadership Academy program.
- 26) Makes clarifying statutory changes to the Classified School Employee Summer Assistance Program, and appropriates \$35 million one-time Proposition 98 General Fund for the Classified School Employee Summer Assistance program.
- 27) Appropriates an additional ongoing \$3 billion Proposition 98 General Fund for the Expanded Learning Opportunity Program, for total program expenditures of \$4 billion in ongoing Proposition 98 General Fund for after school and summer options for all students, with grant amounts of \$2,750 per unduplicated pupil in schools required to offer services to all students, and \$1,250 per unduplicated pupil in schools required to serve half their low-income, foster-youth, and dual-language-learner students.
- 28) Includes statutory changes that provide emergency funding protections to school districts that have had a necessary small school site become temporarily inoperative due to an emergency.

- 29)Amends the definition of foster youth in various Education Code sections to include youth subject to a Welfare and Institutions Code 602 petition, which was unintentionally removed in AB 1055.
- 30)Makes technical, clarifying changes to the Office of School-Based Health Programs.
- 31)Creates an Alternate Pathways to a Diploma for individuals with exceptional needs, and provides exemptions for students who take alternate assessments.
- 32)Establishes California Serves Program to expand access for high school graduates in obtaining a State Seal of Civic Engagement through service learning.
- 33)Adopts changes to Independent Study to clarify requirements for special education students, clarify synchronous instruction allowances, and clarify chronic attendance triggers for tiered re-engagement and signature timelines.
- 34)Requires an Individuals with Disabilities Education Act (IDEA) Addendum process for the Local Control Accountability Plan (LCAP) that will be adopted by the State Board of Education by 2025 to coordinate IDEA spending planning process with existing LCAP spending planning.
- 35)Appropriates \$100 million one-time Proposition 98 General Fund for the Community Engagement Initiative Expansion, which will be co-administered by the California Collaborative for Education Excellence and the lead agency.
- 36)Appropriates \$500 million in one-time Proposition 98 General Fund for the Golden State Pathways Program to support the development and implementation of college and career educational pathways in critically needed sectors of the economy.
- 37)Shifts funding for Educationally Related Mental Health Services funds from Special Education Local Plan Areas to local educational agencies, beginning in the 2023-24 fiscal year.
- 38)Increases the special education base rate to \$820, makes statutory changes to calculate Special Education funding rates by local education agency ADA, and requires the Department to report the calculation publicly.
- 39)Requires the Department of Education to collect and track Transitional Kindergarten pupil data as a distinct grade, rather than program, in the California Longitudinal Pupil Achievement Data System.
- 40)Clarifies reporting requirements for the California College Guidance Initiative.
- 41)Allows the eligibility of the Golden State Teachers program to expand to candidates seeking pupil personnel services credentials, and other clarifying changes to the program.

- 42) Exempts deposits by a local school jurisdiction into a routine restricted maintenance account from the state definition of “proceeds of taxes.”
- 43) Extends substitute teacher 60 day maximums through the 2022-23 school year, and conforms retirement policy.
- 44) Makes statutory changes to the California Newcomer Education and Well-Being Program (CalNEW) administered by the Department of Social Services. The 2022 Budget includes a \$5 million ongoing Proposition 98 General Fund appropriation.
- 45) Shifts Early Literacy Block Grant administration costs of \$2.92 million to General Fund.
- 46) Permits carryover for purposes of the 2021-22 Budget Act’s Kitchen Infrastructure Grant.
- 47) Disallows overhead for the Exploratorium contract with San Francisco Unified School District.
- 48) Allows Nonpublic Schools providing contracted Special Education services to receive funding, as specified.
- 49) Makes technical changes to allow the Department of Education to fully allocate available Education Protection Account revenues to local educational agencies in 2021-22.
- 50) Appropriates \$85 million one-time Proposition 98 General Fund for a Math and Science Professional Development program.
- 51) Appropriates one-time \$413 million Proposition 98 General Fund to provide declining enrollment protections for classroom-based charter schools for the 2021-22 fiscal year.
- 52) Appropriates a total of \$35 million Proposition 98 General Fund for the Educator Workforce Investment Grant, for English Language Learner, special needs, and computer science educators, pursuant to statute.
- 53) Appropriates \$15 million in one-time Proposition 98 funding for 6,000 educators to assist participants in earning reading and literacy instruction authorizations through the Commission on Teacher Credentialing.
- 54) \$1.7 million one-time Proposition 98 General Fund for the existing Center on Teacher Careers.
- 55) Appropriates \$1.3 billion in General Fund for the School Facility Program, and states legislative intent for a total of \$4.24 billion General Fund into 2025, after the exhaustion of \$1.4 billion in remaining bond fund authority for new construction and modernization.

- 56) Makes statutory changes to authorize additional General Fund for special education programs, with consideration of property tax fund availability.
- 57) Appropriates \$30 million in one-time General Fund for the Special Olympics of Northern and Southern California.
- 58) Appropriates \$600 million, one-time Proposition 98 General Fund for kitchen infrastructure grants that will support local educational agencies in preparing for universal meals implementation, and the preparation of healthy, local, plant-based, and dietary-restricted meals, as specified.
- 59) Appropriates one-time school meals Food Best Practices procurement grant with \$100 million Proposition 98 General Fund, administered by the Department of Education, in consultation with the California Department of Food and Agriculture. Eligible foods include California-grown, plant-based, and special dietary-restriction necessities for students in the existing universal school meal program.
- 60) Allocates a total of one-time \$3.48 billion Proposition 98 General Fund for an Arts, Music, and Instructional Materials Discretionary Block Grant, to all local education agencies, based on average daily attendance.
- 61) Appropriates up to \$250 million in General Fund for emergency replacement facilities in the Lynwood Unified School District, through the Office of Public School Construction.
- 62) Appropriates \$14 million one-time Proposition 98 General Fund for the development of model curricula, pursuant to law.
- 63) Creates a one-time \$250 million Literacy Coaches program, for intensive literacy action plans in schools with at least 97 percent low-income student populations, with minimum grant awards of \$450,000 per school site, over five years. Funds are to hire literacy coaches and implement evidence-based literacy action plans for students Preschool through grade 3 and their families.
- 64) Provides an additional \$10 million in one-time Proposition 98 General Fund for the Anti-Bias Education Grant Program, established in the 2021-22 Budget Act.
- 65) Appropriates \$1.5 billion in one-time Proposition 98 funding to the California Energy Commission and California Air Resources Board, to administer a state-wide zero-emissions school bus program. This program would prioritize low-income and rural LEAs, and LEAs purchasing electric school buses with bi-directional charging. State contracts are required to meet labor practices, as specified. LEAs have various requirements, as specified.
- 66) Creates a one-time \$250 million Literacy Coaches program, for intensive literacy action plans in schools with at least 97 percent low-income student populations, with minimum grant awards of \$450,000 per school site, over five years. Funds are to hire literacy coaches and implement evidence-based literacy action plans for students Preschool through grade 3 and their families.

67) Appropriates \$2.2 million Proposition 98 General Fund backfill for basic aid districts due to property tax revenue losses as a result of the 2020 wildfires.

68) Extend various statutory deadlines from prior Budget Acts.

**Fiscal Effect:** Funding related to the changes in this bill is contained in the 2022-23 Budget Act. In addition, this bill appropriates funding for K-12 education programs, totaling approximately \$25 billion.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 182	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 25, 2022 Amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Christopher Francis		

**Subject:** COVID-19 emergency response: Learning Recovery Emergency Fund: appropriation

**Summary:** Establishes the Learning Recovery Emergency Fund in the State Treasury for receiving appropriations for school districts, county offices of education, charter schools, and community college districts for the purposes of learning recovery in response to COVID-19 impacts to student learning and wellbeing. Outlines the specific purposes for which the Superintendent shall allocate available moneys in the Learning Recovery Emergency Fund deposited pursuant to this bill to local educational agencies and for which the Chancellor's Office of the California Community Colleges shall allocate available moneys in the Learning Recovery Emergency Fund deposited pursuant to this bill to community college districts. Appropriates \$8.55 billion for these purposes, through the Learning Recovery Emergency Fund, to be administered by the Department of Education.

**Background: *COVID-19 Impacts on TK-12 schools.*** On March 4, 2020, the Governor proclaimed a state of emergency in response to the COVID-19 pandemic. As of January 1, 2021, it was estimated that nearly 20,000 California children lost at least one parent or primary caregiver to COVID-19. As of May 2022, there have been 91,000 deaths related to COVID-19 in California.

In a 2020–21 survey of middle and high school pupils in the state, 22 percent of pupils reported feeling traumatized as a result of the pandemic, 63 percent reported experiencing an emotional meltdown, and 19 percent reported having suicidal thoughts. Providing additional services and supports from appropriate school staff could help address the impacts of the COVID-19 emergency. For the 2021–22 school year, school districts have reported difficulties hiring and filling positions for educators, food workers, school health staff, and support staff.

***COVID-19 Impacts on California Community Colleges (CCC).*** The pandemic has also significantly affected the CCC student population and staff. Community college students are more likely to be underrepresented students of color, low-income students, working students, students with dependent children, non-native speakers of English, first generation college students, and older students. These populations, across a range of indicators, are experiencing far greater health and economic impacts of the pandemic. In addition to the devastating impacts on mental health and basic needs, students have paused their academic pursuits or reduced their academic course load—compounding a problematic graduation rate across the system. In similar ways to the

TK-12 system, CCC districts have reported difficulties hiring and filling positions for faculty and non-faculty staff.

***CCC Enrollment Has Dropped Notably Since Start of Pandemic.*** Although four-year institutions in California and other states are experiencing relatively modest declines, the declines at the CCCs strongly correlate with country-wide community college trends. For example, according to the National Center for Educational Statistics, when comparing the results of the CCCs to other public two-year colleges, the decline in headcount across the California Community Colleges is similar to that exhibited by public community colleges across the country.

**Proposed Law:** This bill makes various statutory changes to address the continued devastating impacts of the COVID-19 pandemic on the TK-12 and CCC districts:

- 1) **Learning Recovery Emergency Fund.** Establishes a Learning Recovery Emergency Fund in the State Treasury for the purpose of receiving appropriations for school districts, county offices of education, charter schools, and community college districts related to the state of emergency declared by the Governor on March 4, 2020, relating to the COVID-19 pandemic.
- 2) **TK-12 Initiatives.** The Fund provides \$7.9 billion one-time Proposition 98 funding to TK-12 local education agencies (LEA), for use through the 2027-28, for learning recovery initiatives, as specified. Funds are allocated based on the LEA's unduplicated pupil count. Funds can be used for the following:
  - a. Instructional learning time, providing summer school or intersessional instructional programs, or taking any other action that increases or stabilizes the amount of instructional time or services provided to pupils, or decreases or stabilizes staff-to-pupil ratios, based on pupil learning needs.
  - b. Implementation, expansion, or enhancement of learning supports.
  - c. Addressing other barriers to learning, such as providing health, counseling, or mental health services, school meals, or programs to address trauma.
- 3) **CCC Initiatives.** The Fund provides \$650 million one-time Proposition 98 funding for the California Community College COVID-19 Recovery Block Grant to assist with basic needs, mental health needs, professional development opportunities for faculty and student services professionals needed to continue educational instruction due to COVID-19, investments to close the digital divide, and other COVID-19 related support. As a condition of receiving funds, requires districts to report, by March 1, 2023, to the Chancellor's Office metrics on the provision of employer-sponsored health insurance for part-time faculty in the 2021–22 academic year and report, by March 1, 2026, metrics on the provision of employer-sponsored health insurance to part-time faculty in the 2024–25 academic year.

Includes legislative intent that funds shall be used by CCC districts on activities that directly support students and mitigate learning loss related to COVID-19



impacts and that community college districts prioritize the use of these one-time funds for purposes, including, but not limited to, professional development, technology infrastructure, developing open education resources and zero-textbook-cost degrees, and supporting the mental health and wellness needs of students and staff.

**Fiscal Effect:** This bill makes changes necessary to implement the 2022 Budget Act. This bill appropriates \$8.55 billion one-time Proposition 98 funds through the Learning Recovery Emergency Fund, of which \$7.9 billion will go to local education agencies through the 2027-28 fiscal year, and \$650 million will go to the California Community Colleges for emergency COVID-related learning recovery initiatives.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 183 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 26, 2022 As amended  
**Urgency:** No **Fiscal:** No  
**Consultant:** Christopher Francis

**Subject:** Postsecondary education trailer bill

**Summary:** This bill makes necessary changes to implement the higher education provisions adopted as a part of the Budget Act of 2022.

**Background:** The Governor announced multi-year compacts with the University of California (UC) and California State University (CSU), and a multi-year roadmap with the California Community Colleges (CCC) that focus on shared priorities benefitting students. Throughout the overall budget deliberation process, which included subcommittee hearings, the Legislature and Governor encouraged stakeholder engagement and solicited feedback to strengthen the higher education goals of increased access and affordability. A common theme emerged throughout the process; without sufficient resources and deliberately targeted investments, the segments will be unable to hit the expectations set forth—to the disadvantage of faculty, staff, and ultimately the students.

This trailer bill makes changes to implement higher education agreements and appropriations contained in the 2022 Budget Act. The bill notably includes the creation of the Cal Grant Reform Act, subject to a determination made regarding state revenue in May 2024, Cal Grant Award changes for students attending independent, non-profit colleges and universities, approval of 25 student housing projects at the UC, CSU, and CCC increases support for the CCC Student Success and Completion Grant, and supports numerous one-time investments at CCC.

**Proposed Law:** This bill makes various statutory changes to implement the higher education provisions of the 2022-23 budget. Specifically, this bill:

- 1) ***Higher Education Student Housing Grant Program*** (Program). This bill makes multiple changes related to the Program including:
  - Approves all UC, CSU, and CCC student housing construction grant projects deemed eligible by the Department of Finance (DOF) from the first round of applications submitted as part of the October 2021 application process.
  - Appropriates \$1,428,133,000 from the General Fund to the Higher Education Student Housing Grant Program to cover the costs of these projects as well as CCC planning grants selected by the DOF in the first year of the Program.

- Also allows projects deemed ineligible in 2022 by the DOF to request an expedited approval process in the next round of funding.
  - Changes subsequent rounds of the student housing grant program's application process, including the administrator of the program to allow the higher education segments to nominate projects, incorporating the Legislative Analyst Office's recommendations to address cost overruns, project requirements to have contingency plans, a notification process, and reporting requirements for all projects funded in the first application round and any submitted project proposals in subsequent rounds.
- 2) **Cal Grant Reform Act.** Enacts the Cal Grant Reform Act, subject to state General Fund availability over the multi-year forecasts beginning in fiscal year 2024-25, and funding being provided in the annual Budget Act for this purpose. The Cal Grant Reform Act does the following:
- Eliminates barriers to Cal Grant that will allow about 150,000 more California students to become eligible for an award.
  - Aligns Cal Grant eligibility with the new federal Student Aid Index.
  - Creates the Cal Grant 2 program for community college students, which provides non-tuition support that grows annually with inflation, and the Cal Grant 4 program for students at UC, CSU and other institutions. The Act also states legislative intent that UC and CSU use institutional aid to cover non-tuition costs for its students.
- 3) **Cal Grant Award changes for independent, non-profit colleges and universities.** This bill includes the following changes:
- Starting in academic year 2022-23, increases the award amount, from \$9,220 to \$9,358, for the approximately 28,000 Cal Grant students attending independent, non-profit colleges and universities.
  - Starting in academic year 2022-23, extends supplemental Cal Grant support for foster youth and students with dependent children to students attending independent, non-profit colleges and universities.
  - Subject to state General Fund availability over the multi-year forecasts beginning in fiscal year 2024-25, and funding being provided in the annual Budget Act for this purpose, improves regional transfer for low-income students by extending transfer entitlement portability for community college transfer students to transferring to independent, non-profit colleges and universities.
  - Approves changes to statutory provisions linking revised Cal Grant tuition award amounts at independent, non-profit colleges and universities to the number of Associate Degree for Transfer (ADT) students admitted by that

sector. Specifically removes provisions that would reduce the 2022-23 award amount from \$9,358 to \$8,056 if the sector admits fewer than 3,000 ADT students in 2021-22, and removes a provision that would reduce the 2023-24 award amount from \$9,358 to \$8,056 if the sector admits fewer than 3,500 ADT students in 2022-23. The sector would instead be required to admit as many students in 2022-23 as it did in the previous year, adjusted for changes in total transfer enrollment.

- 4) **CCC Student Success Completion Grant (SSCG) Award.** Doubles the Student Success Completion Grant (SSCG), to provide a total of \$8,000 for students taking 15 units and \$2,600 for students taking 12 units. The SSCG offsets total cost of college attendance, to encourage full time attendance, and successful on-time completion.
- 5) **Foster Youth Supportive Services at UC and CSU.** Requires that support services for foster youth and former foster youth at UC and CSU campuses have a full-time designated staff program director or coordinator with experience relevant to working with foster youth and former foster youth, campus office and meeting space, a range of student supports to address academic and nonacademic needs, and opportunities for peer mentors.
- 6) **Foster Youth Supportive Services at CCC.** Formally renames the Cooperating Agencies Foster Youth Educational Support Program as NextUp, which provides student support services for foster youth and former foster youth. Eliminates the 20 community college district cap to enable all CCC to participate NextUp program, Authorizes students enrolled in fewer than nine units to be accepted into the program if enrollment is part of an education plan designed to move the students toward subsequent enrollment in at least nine units. Streamlines the process for allocating new funding to colleges. Makes changes to reduce program administration costs.
- 7) **CCC Part-Time Faculty Health Program intent language.** Includes language stating legislative intent to consider changes to the California Community College Part-Time Faculty Health Program to achieve parity between part-time faculty and multidistrict part-time faculty, maximize the State of California's investment in this program, and incentivize more community college districts to provide quality and affordable medical care coverage to part time faculty and multidistrict part-time faculty.
- 8) **CCC Facilities Maintenance and Instructional Equipment.** Provides \$834.4 million one-time Proposition 98 General Fund for facilities maintenance and instructional equipment at California Community Colleges.
- 9) **Student Centered Funding Formula (SCFF) Hold Harmless Changes for CCC districts.** Creates a new funding floor based on districts' hold harmless level at the end of 2024-25 to address concerns that districts will experience fiscal declines when the current provision expires at the end of 2024-25. Specifically, provisions state that, starting in 2025-26, districts be funded at their SCFF generated amount that year or their hold harmless amount in 2024-25, whichever is higher. Whereas SCFF rates would continue to receive a COLA in

subsequent years, a district's hold harmless amount would not grow. The intent is to eventually get all districts funded under SCFF, with SCFF generated funding levels over time surpassing districts' locked in place hold harmless amounts and is in association with base increases above COLA for apportionments included in the 2022 Budget Act agreement.

- 10) **CCC Promise Program.** Expands the CCC Promise program to provide tuition waivers to all full-time students, regardless of whether they are first-time or not. Continues to exclude students with degrees or certificates. Adds reporting requirements and calls for maximization of resources for student basic needs for participating colleges.
- 11) **CCC Recruitment and Retention.** Provide \$150 million one-time Proposition 98 General Fund to support community college efforts to increase student retention rates and enrollment by primarily engaging with former students who may have withdrawn from college due to the impacts of COVID-19, and with current and prospective students who are hesitant to remain or enroll in college due to the impacts of COVID-19.
- 12) **CCC Classified Employee Summer Assistance Program.** Establishes the CCC Classified Employee Summer Assistance Program to provide support for classified staff during the summer and includes language stating that the employing community college district shall exclude any hours worked by the classified employee as a result of an extension of the academic year directly related to the COVID-19 pandemic, if the hours are in addition to the employee's regular assignment and would prevent the employee from being eligible for this program.
- 13) **Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program at CSU and CCC.** Creates the Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program at California State University and the California Community Colleges Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program to provide culturally responsive services to enhance student educational experiences and promote higher education success for low-income, underserved, and first-generation AANHPI students and other underrepresented AANHPI students. Expresses legislative intent that the CSU and CCC programs coordinate with each other.
- 14) **Native American Student Support and Success Program at CCC.** Provides \$30 million one-time Proposition 98 General Fund to create the Native American Student Support and Success Program to strengthen K-12 pathways to and through Community College, including transfer to the UC and CSU systems, to ensure the educational success of Native American students, develop Native American leaders, and increase the number of Native American mentors to empower future generations.
- 15) **HireUP for CCC Students Who Were Formerly Incarcerated.** Provides \$30 million one-time Proposition 98 General Fund to create the Hire Up program, which supports up to 10 community college districts for a five-year pilot program

to provide funding for stipends to formerly incarcerated individuals, CalWORKs recipients, and former foster youth.

- 16) **CCC Cybersecurity Initiatives.** Provides \$75 million one-time Proposition 98 General Fund to California Community Colleges for security network upgrades, general security software, and anti-fraud technology.
- 17) **CCC Common Course Numbering System Implementation.** Provides \$105 million one-time Proposition 98 General Fund to CCC to support the systemwide implementation of a common course numbering system pursuant to the provisions of AB 1111 (Berman), Chapter 568, Statutes of 2021.
- 18) **CCC Transfer Reform Provisions.** Provides \$65 million one-time Proposition 98 General Fund to CCC to implement the transfer reform provisions required by AB 928 (Berman), Chapter 566, Statutes of 2021.
- 19) **Emergency student financial assistance for AB 540 Students at CCC.** Provides \$20 million one-time Proposition 98 General Fund to CCC to support emergency student financial assistance grants to eligible AB 540 students.
- 20) **Dreamer Service Incentive Grant.** Approves changes to the Dreamer Service Incentive Grant program, including increasing wages to match the minimum wage, allowing more Cal Grant students to be eligible for the program, increasing pay for part-time students, and allowing unspent funds to be shifted to the Dream Loan programs.
- 21) **CCC Appropriations for Specific Local Initiatives.** Makes various one-time appropriations including the following:
  - \$50 million one-time Proposition 98 General Fund to Kern Community College District to support the creation of the California Renewable Energy Center of Excellence.
  - \$33 million one-time Proposition 98 General Fund to Riverside Community College District for the acquisition of the land needed for the future Inland Empire Technical Trade Center in Jurupa Valley.
  - \$16 million one-time Proposition 98 General Fund to Cerritos College to support the construction of the Student Services Building.
  - \$15 million one-time Proposition 98 General fund to Merced College to support the Agri-food Technology and Engineering Workforce Collaborative.
  - \$10 million one-time Proposition 98 General Fund to the College of the Redwoods to develop an allied health education center in Arcata.
  - \$10 million one-time Proposition 98 General Fund to the Los Angeles Mission College to create a San Fernando Valley regional STEM hub by constructing a new biotechnology facility.

- \$5 million one-time Proposition 98 General Fund to support the creation of the California Center for Climate Change Education at West Los Angeles Community College.
  - \$3.5 million one-time Proposition 98 General Fund to Chaffey College to support infrastructure and capital costs associated with the CORE Academy Training Facility.
  - \$2.5 million one-time Proposition 98 General Fund to American River College to support improvements to its veterans resource center.
  - \$2.5 million one-time Proposition 98 General Fund to Irvine Valley College to support improvements to its veterans resource center.
  - \$2.5 million one-time Proposition 98 General Fund to Miramar College to support improvements to its veterans resource center.
  - \$2 million one-time Proposition 98 General Fund to Riverside Community College District to support the Military Articulation Platform. Funds may be used to support expansion of the program to translate military experience and training into college credit at Riverside College and other colleges.
  - \$1.5 million one-time Proposition 98 General Fund to the Los Rios Community College District to support the Los Rios Prison and Reentry Education Program.
  - \$1 million one-time Proposition 98 General fund to Taft College for the acquisition of equipment related to the new Taft College Vocational Center.
  - \$1 million one-time Proposition 98 General Fund to the Los Angeles Valley College for the development of the Valley Academic and Cultural Center.
  - \$500,000 one-time Proposition 98 General Fund to De Anza College to be expended over 5 years to support the Asian Pacific American Leadership Institute.
  - \$500,000 one-time Proposition 98 General Fund to the College of the Redwoods for nursing program development.
- 22) **CCC Equitable Placement and Completion Grant Program.** Provides \$64 million one-time Proposition 98 General Fund to establish the CCC Equitable Placement and Completion Grant Program, which provides funding to colleges to support students in completing college-level math and English courses.
- 23) **Cost savings estimate for Middle Class Scholarship (MCS) 1.0 in 2021-22.** Adjusts the MCS allocation to \$110 million in 2021-22 to align with updated cost estimates.

- 24) ***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 2023-24 award year. Institutions are required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.
- 25) ***CSU Cybersecurity Degree Pilot.*** Establishes the CSU Cybersecurity Regional Alliances and Multi-stakeholder Partnerships Pilot Program to address the cybersecurity workforce shortage by developing industry-relevant cybersecurity degree programs.
- 26) ***Sunset Extension for CCC Programs.*** Extends the sunset dates for the CCC Buys program and CCC Economic and Workforce Development Program each by two years.
- 27) ***Learning-Aligned Employment Clarification.*** Clarifies that the California Student Aid Commission has until June 30, 2031 to spend funds appropriated for the Learning-Aligned Employment program.
- 28) ***California Kids Investment and Development Savings (CalKIDS) Program.*** Makes technical changes to the CalKIDS Program, which opens college savings accounts for all California newborns and provides extra funding for low-income first-graders. Changes include allowing recipients to use funds for apprenticeship programs, and streamlining the recipient's process for reporting the institution of higher education they are attending,
- 29) ***Miscellaneous technical changes.*** Allows CSU to adjust its accounting practices to allow inter-year transfers of funds and amends the Budget Act of 2020 by making a non-substantive, technical change to an item of appropriations related to the CCC.

**Fiscal Effect:** This bill is a budget trailer bill within the overall 2022-23 budget package to implement actions related to higher education, and makes various appropriations.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 184  
**Author:** Committee on Budget  
**Version:** June 26, 2022 As amended  
**Urgency:** No  
**Consultant:** Scott Ogus

**Hearing Date:** June 27, 2022  
**Fiscal:** Yes

**Subject:** Health

**Summary:** This bill is an omnibus health trailer bill, and contains changes to implement the Budget Act of 2022.

**Proposed Law:** This bill makes statutory revisions affecting health programs necessary to implement the Budget Act of 2022. Specifically, this bill:

## **California Health Facilities Financing Authority (CHFFA)**

### 1) Extension of Time Limitation Restrictions for Working Capital Financing

- a. Extends the amount of interest on any loan, from one year's worth to two years' worth, which may be defined as "working capital," as otherwise defined in statute as moneys to be used by or on behalf of a participating health institution for specified expenses in connection with the ownership or operation of a health facility.
- b. Extends the time for a participating health institution that is a private, nonprofit corporation or association to repay and discharge a loan for working capital from within 15 months to within 24 months of the loan date.

## **Department of Health Care Access and Information (HCAI)**

### 2) Office of Health Care Affordability

- a. Establishes the Office of Health Care Affordability within HCAI, and requires it to:
  - i. Increase cost transparency through public reporting of per capita total health care spending and factors contributing to health care cost growth;
  - ii. Support the board through data collection and analysis and recommendations to establish a statewide health care cost target for per capita total health care spending;
  - iii. Support the board through data collection and analysis and recommendations to establish health care cost targets by health care sector;
  - iv. Collect and analyze data from existing and emerging public and private data sources to track spending, set cost targets, approve performance improvement plans, and monitor impacts on workforce stability;

- v. Analyze cost and quality trends for drugs covered by pharmaceutical and medical benefits;
  - vi. Oversee the state's progress towards meeting the health care cost target;
  - vii. Promote, measure, and publicly report performance on quality and health equity through the adoption of a priority set of standard quality and equity measures for health care entities;
  - viii. Advance standards for promoting the adoption of alternative payment models, and for health care workforce stability and training;
  - ix. Measure and promote sustained system-wide investments in primary care and behavioral health;
  - x. Disseminate best practices;
  - xi. Review and evaluate consolidation, market power, and other market failures through cost and market impact reviews of mergers, acquisitions, or corporate affiliations;
  - xii. Analyze trends in the price of health care technologies, and in the cost of labor;
  - xiii. Conduct ongoing research and evaluation on payers, fully integrated delivery systems, and providers;
  - xiv. Collect data and other information it determines necessary from health care entities to carry out its functions, including using the Health Care Payments Data Program, to the greatest extent possible, to minimize reporting burdens for payers and providers;
  - xv. Establish requirements for payers and fully integrated delivery systems to submit data and information;
  - xvi. Require health care service plans, health insurers, hospitals, and physician organizations to report data and other information necessary for standard quality measures;
  - xvii. Require payers, fully integrated delivery systems, restricted health care service plans, and limited health care service plans to submit data and other information to measure the adoption of alternative payment models and the percentage of total health care expenditures allocated to primary care and behavioral health care;
  - xviii. Require providers and any physician organizations that are part of a fully integrated delivery system to submit audited financial reports, except for providers that do not routinely prepare audited financial reports, who will be required to submit a comprehensive financial statement instead;
  - xix. Adopt and promulgate regulations for implementing this chapter; and
  - xx. Establish advisory or technical committees, as necessary.
- b. Requires payers and fully integrated delivery systems to submit data on total health care expenditures for the 2022 and 2023 calendar years on or before September 1, 2024.
  - c. Requires payers and fully integrated delivery systems to submit data on total health care expenditures for the 2024 and 2025 calendar years based on a reporting schedule established by the Office.
  - d. Requires the Office to prepare a report on baseline health care spending on or before June 1, 2025 and requires the Office to prepare and publish, by June 1,

2027, its first annual report on health care spending trends, including policy recommendations to control costs and improve quality performance and equity.

- e. Establishes the Health Care Affordability Board with eight members, as follows:
  - i. Four members appointed by the Governor and confirmed by the Senate;
  - ii. One member appointed by the Senate Committee on Rules;
  - iii. One member appointed by the Speaker of the Assembly
  - iv. The Secretary of Health and Human Services, or their designee; and
  - v. The California Public Employees' Retirement System (CalPERS) Chief Health Director or their deputy (non-voting member).
- f. Requires the board to establish a statewide health care cost target and specific targets by health care sector.
- g. Authorizes the board to adjust cost targets by health care sector when warranted to account for the baseline costs in comparison to other cost targets.
- h. Requires the board to approve the:
  - i. Methodology for setting cost targets;
  - ii. Scope and range for administrative penalties and the justification for assessing penalties;
  - iii. Benchmarks for primary care and behavioral health spending;
  - iv. Statewide goals for the adoption of alternative payment models; and
  - v. Standards to advance the stability of the health workforce.
- i. Requires the board to establish a statewide health care cost target for the 2025 calendar year and for each calendar year thereafter.
- j. Requires the board to establish specific targets by health care sector, including fully integrated delivery systems, geographic regions, and individual health care entities by June 1, 2028.
- k. Requires that no appointee of the board shall receive financial compensation from, or be employed by, health care entities subject to the cost targets or entities subject to cost and market impact reviews or exempted providers.
- l. Requires the HCAI director to enforce the cost targets in a manner that: ensures compliance with targets; allows each health care entity opportunities for remediation; and ensures health care entities do not implement performance improvement plans in ways that are likely to erode access, quality, equity, or workforce stability.
- m. Authorizes the HCAI director to take the following progressive enforcement actions: 1) provide technical assistance; 2) require or compel public testimony by the health care entity regarding its failure to comply with the target; 3) require submission and implementation of performance improvement plans, including input from the board; and 4) assess administrative penalties.

- n. Requires the Office to adopt a single set of standard measures for assessing health care quality and equity for health care service plans, health insurers, hospitals, and physician organizations. Requires performance on quality and equity measures be included in the required annual report.
- o. Requires the Office to promote the shift from payments based on fee-for-service to alternative payment models that provide financial incentives for equitable high-quality and cost-efficient care
- p. Requires the Office to measure and promote a sustained system-wide investment in primary care and behavioral health.
- q. Requires the Office to monitor cost trends, including conducting research and studies, on the health care market, including, but not limited to, the impact of consolidation, market power, venture capital activity, profit margins, and other market failures on competition, prices, access, quality, and equity.
- r. Requires the board to establish a Health Care Affordability Advisory Committee to provide input, including recommendations, to the board and the office on a range of issues, including: statewide and sector targets, methodology for setting the targets, definitions of health care sectors, quality and equity metrics, and benchmarks for primary care and behavioral health.
- s. Makes findings and declarations related to the value of accessible, affordable, equitable high-quality, and universal health care for all Californians
- t. Establishes legislative intent that the Office results in the reduction in the rate of growth in health care costs.
- u. Defines various terms, including: exempted provider, physician organization, high-cost outlier, provider, administrative costs and profits, affordability for consumers, affordability for purchasers, fully integrated delivery system, health care cost target, expenditures for covered benefits, and per capita total health care expenditures.
- v. States that the provisions of this measure are severable.

### 3) CalRx Contract Exemption

- a. Permits, until December 31, 2027, the California Health and Human Services Agency (CalHHS) and its departments to enter into exclusive or nonexclusive contracts on a bid or negotiated basis, and exempts these contracts from review or approval by the Department of General Services for purposes of implementing the California Affordable Drug Manufacturing Act of 2020.
- b. Exempts all nonpublic information and documents prepared under the California Affordable Drug Manufacturing Act of 2020 from disclosure under the California Public Records Act, and makes findings demonstrating the interest protected by the limitation which is in order to protect proprietary, confidential information

regarding manufacturer or distribution costs and drug pricing, utilization, and rebates.

- c. Extends the deadlines for CalHHS to submit two reports to the legislature: 1) a report assessing the feasibility of directly manufacturing generic prescription drugs from July 1, 2023, to December 31, 2023; and 2) a report describing the status of the drugs targeted for manufacture and the related impacts from July 1, 2022, to December 31, 2022.

#### 4) Community Health Workers

- a. Requires HCAI, by July 1, 2023, to:
  - i. Develop statewide requirements for community health worker certificate programs, in consultation with stakeholders, including community health workers;
  - ii. Seek stakeholder input on implementing these provisions and on the development of certificate requirements; and
  - iii. Review, approve, or renew evidence-based curricula for core competencies, specialized programs or training.
- b. Authorizes an organization to seek approval of a community health worker certificate program in accordance with these provisions and any standards approved by the department, and requires such an organization to oversee and enforce the requirements developed pursuant to these provisions.
- c. Requires an organization seeking approval or renewal of the community health worker certificate program to:
  - i. Submit a community health worker certificate program plan that describes how the program meets state requirements;
  - ii. Submit to periodic reviews conducted to ensure adherence to state requirements; and
  - iii. Submit annual community health worker certificate program reports on participant training and employment.
- d. Authorizes HCAI to request program participants to submit data consistent with section 502 of the Business and Professions Code, and exempts, until June 30, 2024, this data from the requirements of the Administrative Procedures Act, requires HCAI to determine the frequency and manner of data submission, and to maintain the privacy of data submitted consistent with all relevant federal and state laws.
- e. Authorizes HCAI to implement this contract utilizing contracts with vendors, and exempts HCAI from developing regulations for the implementation of these provisions.
- f. Defines the following terms: community health worker, core competencies, cultural competence, lived experience, and specialty certificate.

5) California Health Workforce Education and Training Council

- a. Revises and recasts various provisions related to the establishment of the California Health Workforce Education and Training Council, including adding the Secretary of Labor and Workforce Development onto the council.
- b. Revises the requirement of the Director of HCAI to develop Song-Brown Program application and contract criteria based on health care workforce needs and the priorities of the council, to just be based on health care workforce needs and priorities.

6) Midwifery Workforce Training

- a. Establishes that programs that train midwives qualify for participation in the Song-Brown Program.
- b. Defines “programs that train midwives” to mean programs that train certified nurse-midwives and programs that train licensed midwives, each as defined pursuant to Section 128297 of the Health and Safety Code.

7) Abortion Practical Support Fund

- a. Establishes the Abortion Practical Support Fund as a continuously appropriated fund, and requires HCAI to administer the Fund for the purpose of providing grants to assist pregnant people who are low income or face other financial barriers with access to abortions in California.
- b. Authorizes HCAI to receive and deposit moneys in the fund from: i) non-state entities, such as private sector or philanthropic entities; and ii) local and federal government agencies.
- c. Defines “grantee” as a qualifying nonprofit organization in California that assists pregnant people with direct practical support for the purposes of obtaining an abortion.
- d. Defines “practical support” as direct assistance, in-state travel, dependent childcare, doula support, and translation services to help a person access and obtain an abortion in California.
- e. Defines in-state travel as airfare, lodging, ground transportation, gas money, and meals.
- f. Requires HCAI, or its contracted vendor, to use moneys in the fund to maintain a system of financial reporting on all aspects of the fund.
- g. Finds and declares that these provisions impose a limitation on the public’s right of access to the meetings of public bodies because the public interest to protect the privacy of patients of abortion services outweighs the public’s right of access to that information.

**Department of Health Care Services (DHCS)**8) Record Retention Requirements

- a. Extends the length of time, from three to ten years, for which every primary supplier of pharmaceuticals, medical equipment, or supplies is required to maintain accounting records subject to audit by DHCS.

9) Premiums for Optional Targeted Low-Income Childrens' Program (OTLICP), Working Disabled, Children's Health Insurance Program (CHIP)

- a. Authorizes DHCS, effective July 1, 2022, to the extent allowable under federal law, to elect not to impose Medi-Cal premiums, or subscriber contributions, on select beneficiaries, with household incomes between 160 and 261 percent of the federal poverty level, within specified programs within the Medi-Cal program, including: optional targeted low-income children, Medi-Cal Access program, and employed individuals with disabilities.
- b. Requires DHCS to publish its choice to not impose premiums, or to reinstate premiums, in the Medi-Cal Local Assistance Estimate for the impacted fiscal year, subject to appropriation in the annual Budget Act.

10) Align Medi-Cal Redeterminations with Federal Guidelines

- a. Deletes certain requirements related to re-determining eligibility of Medi-Cal beneficiaries to align with federal guidelines, including the requirement on counties to prepopulate the form, and the requirement on beneficiaries to sign or return the form.
- b. Requires DHCS to develop future revisions to the form.
- c. Requires that eligibility re-determinations be performed in a timely manner, without requiring new applications, and without rescinding preceding terminations, when beneficiaries submit to counties a signed and completed form, within 90 days of termination, and are found eligible for Medi-Cal.

11) Dental Managed Care Extension

- a. Requires DHCS to conduct a competitive bid and procurement process to award new dental managed care contracts, commencing on an effective date no sooner than January 1, 2024.
- b. Extends the existing dental managed care contracts through December 31, 2023, or through the calendar day immediately preceding the effective date of the new contracts, whichever is later.
- c. Requires, if the new dental managed care contracts have not taken effect on or before July 1, 2024, DHCS to provide an update to the Legislature detailing the

specific circumstances that contributed to the delay and an expected commencement date for the new contracts.

- d. Conditions implementation of these provisions on receipt of any necessary federal approvals.

**12) Full-Scope Medi-Cal to Individuals 26 to 49 Years, Regardless of Immigration Status**

- a. Expands eligibility for full scope Medi-Cal benefits to individuals who are 26 to 49 years of age, inclusive, and who do not have satisfactory immigration status or are unable to establish satisfactory immigration status, if they are otherwise eligible for full-scope Medi-Cal benefits.
- b. Implements this expansion after the director determines, and communicates that determination in writing to the Department of Finance, that systems have been programmed for implementation, but no later than January 1, 2024.

**13) Medi-Cal Dental Policy with Evidence-Based Practices Update**

- a. Provides Medi-Cal dental coverage of laboratory-processed crowns on posterior teeth for persons 21 years of age or older when medically necessary to restore a posterior tooth back to normal function.
- b. Deletes obsolete requirements related to oral health.
- c. Requires that covered dental benefits and accompanying criteria for receipt of those dental benefits under the Medi-Cal program be identified in the Medi-Cal Dental Manual of Criteria.
- d. Requires DHCS to consider evidence-based practices consistent with the American Academy of Pediatric Dentistry and the American Dental Association guidelines for all covered dental benefits.
- e. Makes these provisions contingent on receiving federal approvals and federal financial participation.

**14) Extend Suspension of Medi-Cal Benefits for Adult Incarcerated Individuals**

- a. Suspends an adult's Medi-Cal benefits on the date the adult become an inmate of a public institution, consistent with current law, and ends the suspension of those benefits on the date that the individual is no longer an inmate of a public institution, if otherwise eligible, effective January 1, 2023, as compared to current law which terminates enrollment in Medi-Cal either on the date the individual is no longer an inmate or one year after becoming an inmate, whichever is sooner.

**15) Medication Assisted Treatment Expansion Project**

- a. Requires, no sooner than July 1, 2022, certified alcohol and drug programs to either offer medication assisted treatment (MAT) directly to clients, or have an



effective referral process in place with narcotic treatment programs, community health centers, or other MAT providers.

- b. Requires an “effective referral process” to include an established relationship with a MAT provider and transportation to appointments for MAT.
- c. Requires certified alcohol and other drug programs to implement and maintain a MAT policy approved by the department and requires the MAT policy to:
  - i. Explain how a client receives information about the benefits and risks of MAT.
  - ii. Describe the availability of MAT at the program, if applicable, or the referral process for MAT.
  - iii. Identify an evidence-based assessment for determining a client’s MAT needs.
  - iv. Address administration, storage, and disposal of MAT, if applicable.
  - v. Outline training for staff about the benefits and risks of MAT.
- d. Requires DHCS, no sooner than July 1, 2022, to establish a program for the operation and regulation of mobile narcotic treatment programs, and specifies that a narcotic treatment program shall:
  - i. Operate under the license of a primary narcotic treatment program with which it is affiliated and associated.
  - ii. Provide opioid addiction treatment in a motor vehicle.
  - iii. Comply with any applicable federal requirements.
  - iv. Receive approval from the department prior to operating a mobile narcotic treatment program.
  - v. Establish the requirements for approval of a mobile narcotic treatment program and oversee and enforce those requirements.
- e. Subjects the primary narcotic treatment program to action under Section 11839.9 of the Welfare and Institutions Code for any violation of mobile narcotic treatment program requirements.
- f. Authorizes DHCS to terminate the operation of a mobile narcotic treatment program for failing to comply with these requirements.

#### 16) Opioid Settlement Fund

- a. Establishes the Opioid Settlements Fund in the State Treasury to receive funds from the Litigation Deposits Fund from the settlement of People v. McKinsey and Company, Inc.
- b. Requires that funds received from this settlement that are not deposited in the Litigation Deposits Fund be deposited into the Opioid Settlements Fund.
- c. Requires the Controller to transfer funds received in the Litigation Deposits Fund allocated to the state for state opioid remediation from the 2022 opioid settlements with Johnson & Johnson, Janssen Pharmaceuticals, McKesson, Cardinal Health, and AmerisourceBergen to the Opioid Settlements Fund.

- d. Requires that funds received from this settlement that are not deposited in the Litigation Deposits Fund be deposited into the Opioid Settlements Fund.
- e. Requires, upon appropriation by the Legislature, moneys in the Opioid Settlements Fund be used for opioid remediation in accordance with the terms of the judgment or settlement from which the funds were received.
- f. Requires DHCS to administer the Opioid Settlements Fund and oversee those activities funded by the Opioid Settlements, including designating high-impact abatement activities, conducting related stakeholder engagement, monitoring participating subdivisions for compliance, and preparing periodic written reports.
- g. Requires that any settlement funds received by a participating subdivision, that are not expended or encumbered within the time period specified in the California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds, shall be transferred to the state and be deposited into the Opioid Settlements Fund.
- h. Authorizes DHCS to implement this section without taking regulatory action.
- i. Authorizes DHCS to enter into contracts for implementing this section, and provides an exemption from the Public Contracts Code for this purpose.

**17) Shift of Suicide Prevention Voluntary Contribution Fund Administration**

- a. Shifts revenue collected through the Suicide Prevention Voluntary Tax Contribution Fund from the Mental Health Services Oversight and Accountability Commission to the Department of Health Care Services
- b. Eliminates the requirement that 50 percent of these funds be awarded as grants to provide suicide prevention services to rural and desert communities and that 50 percent of the funds be disbursed on a proportional basis to crisis centers based on the number of calls answered by the crisis centers.
- c. Requires these funds to be disbursed to crisis centers located in the state that are active members of the National Suicide Prevention Lifeline, with priority given to those crisis centers located in rural and desert communities.
- d. Prohibits the use of these funds to supplant state administrative funding.
- e. Authorizes DHCS to implement this section by way of contracts, and provides an exemption from the Public Contracts Code for this purpose.

**18) California Advancing and Innovating Medi-Cal (CalAIM)**

- a. Deletes the requirement that grants for Medi-Cal behavioral health delivery systems to support the implementation of evidence-based interventions and community-defined promising practices as part of the Children and Youth Behavioral Health Initiative Act be administered through the Behavioral Health

Quality Improvement Program (BHQIP) established in existing law through AB 133 (Committee on Budget), Chapter 143, Statutes of 2021.

- b. Expands the purposes of the BHQIP, which provides grants to Medi-Cal behavioral health delivery systems for the purpose of preparing those entities and their contracting providers for implementation of the CalAIM changes, by deleting the additional purpose of the BHQIP implementing changes to the behavioral health delivery system in the Children and Youth Behavioral Health Initiative, and by instead broadening the purpose to being “other purposes related to Medi-Cal behavioral health delivery systems as specified in an annual Budget Act or enacted legislation providing appropriations related to those acts.”
- c. Expands the scope of Medi-Cal benefits to pregnant individuals to full-scope benefits (instead of “pregnancy only” benefits) for individuals with an effective income between 138 and 213 percent of the federal poverty level (FPL), effective January 1, 2024, and makes conforming changes.
- d. Delays the requirement in existing law, from January 1, 2023, to July 1, 2023, that DHCS include institutional long-term care services (other than skilled nursing facility services) as a capitated benefit in each contract with a Medi-Cal managed care plan, and makes conforming changes to the dates in existing provisions of law on Medi-Cal payment rates.
- e. Renames “in lieu of services” as “community supports” and defines “community supports” as those alternative services and settings approved in the California Advancing and Innovating Medi-Cal (CalAIM) Terms and Conditions that are administered pursuant to federal Medicaid managed care regulation; community supports are services that Medi-Cal managed care plans are authorized to offer as an optional benefit for Medi-Cal beneficiaries in plans that are “in lieu of” a covered Medi-Cal service.
- f. Permits DHCS, as a component of the Specialty Mental Health Services Program (the Medi-Cal county mental health plan [MHP] benefit is known as specialty mental health services, and is provided by county MHPs for more severely mentally ill individuals), in consultation with counties and other affected stakeholders, to seek federal approval for a federal Medicaid demonstration project which may include receipt of federal financial participation (FFP) for services furnished to Medi-Cal beneficiaries during short-term stays for acute care in psychiatric hospitals or residential treatment settings that qualify as institutions for mental diseases (IMDs).
- g. Permits DHCS to elect to seek approval for the IMD demonstration project to operate on a statewide basis or on a county-by-county basis.
- h. Requires DHCS to implement the IMD exclusion demonstration in accordance with the terms of the federal approval and only to the extent that:
  - i. FFP is available and is not otherwise jeopardized:
  - ii. DHCS receives the necessary federal approvals to implement the demonstration project; and,

- iii. The IMD demonstration project is approved by the Department of Finance.
- i. Defines an IMD, pursuant to the definition of federal law, as a hospital, nursing facility or other institution of more than 16 beds, that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services.
- j. Expands eligibility for a qualifying inmate of a public institution for targeted Medi-Cal services by deleting the existing law reference to the number of days approved in the CalAIM Terms and Conditions if “fewer than” 90 days to instead permit a number “different than” 90 days with respect to an eligible population, effectively allowing a period greater than 90 days for a subset of the inmate population.
- k. Applies the 85 percent medical loss ratio (MLR) requirement, which currently applies to Medi-Cal managed care plans, to subcontracting Medi-Cal managed care (MCMC) plans, effective July 1, 2022 by repealing the exemption for subcontracting MCMC plans in existing law.
- l. Extends the requirement that DHCS post the MLR of each MCMC plan to also include posting the MLR of each subcontractor plan or other delegated entity, under contract with the MCMC plan, that is required to report an MLR pursuant to the CalAIM Terms and Conditions.
- m. Extends the remittance requirement, which is the amount owed by each MCMC plan for failure to meet the 85 percent MLR, to each subcontractor plan or other delegated entity to that MCMC care plan pursuant to the CalAIM Terms and Conditions.
- n. Deletes the exemption from the MLR remittance requirement in existing law for Denti-Cal managed care plans, effective January 1, 2024, thereby applying the remittance requirement to these plans.
- o. Permits DHCS to implement, interpret, or make specific the MLR provisions in existing law, in whole or in part, by means of plan letters, plan or provider bulletins, or similar instructions, without taking any further regulatory action.

#### 19) Conform Clinical Trials with Federal Law

- a. Expands, effective July 1, 2022, the routine patient care coverage requirements for qualifying clinical cancer trials for purposes of the Medi-Cal program, to conform to the federal Medicaid definition of a qualifying clinical trial.
- b. Requires treatment to be provided in a qualifying clinical trial, which means a clinical trial, in any clinical phase of development, that is conducted in relation to the prevention, detection, or treatment of any serious or life-threatening disease or condition and is described in Section 1396d(gg)(2)(A) of Title 42 of the United States Code.

- c. Implements this section only if federal approvals are obtained, and federal financial participation is available and not otherwise jeopardized.

#### 20) Continuous Glucose Monitors Reimbursement Methodology

- a. Amends the definition of medical supplies under the Medi-Cal pharmacy benefit to be inclusive of diabetic products, allowing for the implementation of a revised reimbursement methodology for continuous glucose monitoring, from the current estimated acquisition cost, plus the pharmacy professional dispensing fee, to a Maximum Acquisition Cost plus 23 percent.

#### 21) Medi-Cal Provider Rates

- a. Eliminates a ten percent provider rate reduction that was adopted through AB 97 (Committee on Budget), Chapter 3, Statutes of 2011, for the following providers: nurses, alternative birth centers, audiologists, hearing aid dispensers, respiratory care providers, durable medical equipment, chronic dialysis clinics, emergency medical air transportation services, nonemergency medical transportation services, doula services, community health worker services, durable medical equipment, health care services delivered via remote patient monitoring, asthma prevention services, dyadic services, clinical laboratory services, medication therapy management services, blood banks, occupational therapists, orthotists, podiatrists and prosthetists, psychologists, medical social workers, speech pathologists, free clinics, outpatient heroin detoxification centers, dispensing opticians, optometrists and optometry groups, acupuncturists, portable imagine services, California Children's Services and Genetically Handicapped Persons Program services, and community clinics, free clinics, surgical clinics, rehabilitation clinics, and non-hospital county-operated community clinics.
- b. Authorizes the use of General Fund, in place of funding from Proposition 56 (the California Healthcare, Research and Prevention Tobacco Tax Act of 2016) for supplemental payments for specified Medi-Cal providers, contingent on receipt of federal approvals and the availability of federal financial participation, including:
  - i. Case management services under the HIV/AIDS Waiver Program;
  - ii. Community-Based Adult Services;
  - iii. Developmental screenings for individuals zero to three years of age;
  - iv. Adverse childhood experiences (ACEs) trauma screenings;
  - v. Nonemergency medical transportation;
  - vi. Home health providers of medically necessary services for children and adults in Medi-Cal fee-for-service or through the home and community-based services waivers; and
  - vii. Pediatric day health care facilities.
- c. Authorizes DHCS to implement this provision through provider bulletins or similar instructions.
- d. Requires DHCS to develop the eligibility criteria, methodologies, and parameters for the payments and rate increases maintained, and authorizes revisions.

22) Federal Public Health Emergency Unwinding

- a. Deletes the requirement that a specialty mental health facility's written record, of a voluntarily admitted patient's consent to receive antipsychotic medications, include the patient's signature.
- b. Authorizes qualified hospitals to make presumptive Medi-Cal eligibility determinations for individuals who are 65 years of age or older, blind, or disabled, who meet certain income criteria.
- c. Continues indefinitely the current Medi-Cal reimbursement rate for intermediate care facilities for the developmentally disabled or facilities providing continuous skilled nursing care to developmentally disabled individuals.
- d. Exempts the following providers from 10 percent Medi-Cal reimbursement reductions that took effect June 1, 2011: nurses, alternative birth centers, audiologists, hearing aid dispensers, respiratory care providers, certain durable medical equipment, chronic dialysis clinics, emergency medical air transportation services, nonemergency medical transportation services, doula services, community health worker services, health care services delivered via remote patient monitoring, asthma prevention services, dyadic services, medication therapy management services, and clinical laboratory services.
- e. Requires that Medi-Cal reimbursement for oxygen and respiratory equipment, as determined by the department, not exceed 100 percent of the lowest maximum allowance for California established by the federal Medicare Program for the same.
- f. Makes permanent the requirement in place during the Public Health Emergency that DHCS reimburse the administration of a COVID-19 vaccine at 100 percent of the Medicare national equivalent rate in effect at the time of administration without geographic adjustment, contingent on federal approvals and that federal financial participation is available and not jeopardized.

23) Medi-Cal Telehealth Policy

- a. Provides that face-to-face contact is not required when covered Medi-Cal services are provided by video synchronous interaction, audio-only synchronous interaction, remote patient monitoring, or other permissible virtual communication modalities, meeting certain criteria.
- b. Requires a provider furnishing services through video synchronous interaction or audio-only synchronous interaction to also offer those services through in-person, face-to-face contact or arrange for a referral to in-person care.
- c. Authorizes a provider to establish a new patient relationship with a Medi-Cal beneficiary through video synchronous interaction, and prohibits a provider from doing so through other telehealth modalities.

- d. Adopts various requirements on DHCS, or a Medi-Cal provider, relating to the use of telehealth modalities, including requirements concerning fee schedules and minimum reimbursement limits, services in border communities, as defined, consent standards, privacy and security compliance, informational notices, and a research and evaluation plan.
- e. Expands the definition of patient “visit,” for Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs), to include an encounter between an FQHC or RHC patient and any of specified health care professionals using video synchronous interaction, audio-only synchronous interaction, or asynchronous store and forward modality when the applicable standard of care and other conditions are met.
- f. Establishes other requirements on an FQHC or RHC relating to the use of those telehealth modalities, including requirements concerning reimbursement rates, consent standards, privacy and security compliance, the establishment of new patient relationships, and in-person services or referrals.
- g. Authorizes reimbursement for additional medically necessary Drug Medi-Cal services and to other authorized individuals when those services are delivered through video synchronous interaction or audio-only synchronous interaction.
- h. Establishes certain requirements relating to privacy and security compliance and the establishment of new patient relationships through telehealth modalities for Drug Medi-Cal.
- i. Requires DHCS to adopt regulations by July 1, 2024, to implement telehealth provisions specific to Drug Medi-Cal.
- j. Extends from January 1, 2023 to January 1, 2026 certain time, distance, and appointment time standards for specified services to ensure that Medi-Cal managed care covered services are available and accessible to enrollees of Medi-Cal managed care plans in a timely manner.
- k. Authorizes DHCS to allow a Medi-Cal managed care plan to use clinically appropriate video synchronous interaction as a means of demonstrating compliance with the time or distance standards, and as part of an alternative access standard request, and authorizes DHCS to develop policies for granting credit, as specified.
- l. Makes changes to the frequency of alternative access standards request submissions made by Medi-Cal managed care plans when they cannot meet the time and distance standards, and requires the plan to close out any corrective action plan deficiencies in a timely manner to ensure beneficiary access is adequate and to continually work to improve access in its provider network.

#### 24) FQHC Alternative Payment Methodology Project

- a. Makes various changes to the Medi-Cal alternative payment methodology (APM) for FQHCs, with implementation of new provisions under the existing APM pilot

project to begin no sooner than January 1, 2024, subject to any necessary federal approvals, and no longer limited to a period of up to 3 years.

- b. Removes responsibility-sharing terms currently in place that govern a risk corridor structure for principal health plans, and instead requires DHCS to develop and specify the terms of the risk corridor in a form and manner specified by DHCS through all-plan letters or other technical guidance that would be incorporated into the contracts between each affected principal health plan and DHCS.
- c. Eliminates existing formulas used to calculate adjustments to payments that reflect higher than expected utilization, and instead specifies that the participating FQHC site receive an aggregate payment adjustment from the principal health plan or applicable subcontracting payer that is based upon the difference between its actual utilization for the year and the projected utilization for the year.
- d. Removes provisions relating to the determination that an FQHC has exceeded the threshold of a lower than expected visit utilization by at least 30 percent, and instead requires DHCS to develop objective criteria for minimum standards for access and quality.
- e. Requires a participating FQHC site that does not meet those standards to return a portion of revenue based on a formula developed by DHCS.
- f. Conditions any modifications to the APM project on not violating the spirit, purposes, and intent of the APM provisions, and requires DHCS to notify affected FQHCs, principal health plans, and certain legislative committees within 10 business days of any modification.
- g. Repeals current law that: a) authorizes DHCS to make payment adjustments in response to an epidemic or similar catastrophic occurrence; b) requires DHCS to contract with an independent entity to perform an evaluation of the APM pilot project; and c) requires that certain reports be submitted to the Legislature.

#### 25) Qualifying Community-Based Mobile Crisis Intervention Services

- a. Requires DHCS to seek federal approval to provide Medi-Cal coverage for community-based mobile crisis intervention services, including those that are furnished by a multidisciplinary mobile crisis team, as specified, available 24 hours per day, every day of the year, and furnished to an individual otherwise eligible for medical assistance under the state plan or waiver pursuant to Medicaid provisions, who is outside of a hospital or other facility setting, and who is experiencing a mental health or substance use disorder crisis.
- b. Require DHCS to comply with any federal requirements and conditions for receipt of an increased federal medical assistance percentage under the above-described federal law.



- c. Requires DHCS to establish requirements for the receipt of the services by eligible Medi-Cal beneficiaries and for authorized service providers, and to oversee and enforce the requirements and guidelines.
- d. Authorizes DHCS to enter into exclusive or nonexclusive contracts, or to amend existing contracts, for purposes of implementing these provisions.
- e. Authorizes DHCS to implement these provisions through plan or county letters or similar instructions without taking any further regulatory action.
- f. Requires DHCS to consult with interested stakeholders when issuing guidance, to the extent practicable.
- g. Authorizes these provisions to be implemented no sooner than January 1, 2023, up to the end of the 5-year period specified under federal law, and is subject to receipt of any necessary federal approvals and the availability of federal financial participation.

26) Discontinue CHDP and Expand Children's Presumptive Eligibility

- a. Requires DHCS to discontinue the Child Health and Disability Prevention (CHDP) Program, as of July 1, 2024, or the date certified by DHCS, whichever is later, and transition CHDP services to other Medi-Cal services or programs.
- b. Requires DHCS to seek federal approval to implement these provisions.
- c. Requires DHCS, prior to July 1, 2024 to do the following:
  - i. Conduct a stakeholder engagement process, including specified stakeholders and subject matter experts, to inform DHCS on the development and implementation of a transition plan and defined milestones to guide the transition of CHDP services to other Medi-Cal programs.
  - ii. Strive to ensure the stakeholder engagement process reflects participation from the various regions throughout the state, including large urban and rural jurisdictions.
  - iii. Launch the stakeholder engagement process no later than October 1, 2022.
  - iv. Develop a transition plan, including: i) post transition oversight and monitoring plan of children currently served through CHDP; ii) a plan for how managed care plans will monitor providers serving children, as specified; iii) a plan to fund the Health Care Program for Children in Foster Care; and iv) an analysis and plan for retaining existing local CHDP positions.
- d. Requires DHCS to:
  - i. Provide an update to the Legislature during the 2023-24 budget hearings on the proposed transition plan;
  - ii. Take actions necessary to continue Medi-Cal presumptive eligibility for children under 19 years of age, including expanding access within the Children's Presumptive Eligibility Program to include all eligible Medi-Cal providers;

- iii. Take actions necessary, in consultation with the State Department of Social Services, to continue the Health Care Program for Children in Foster Care;
  - iv. Continue the Childhood Lead Poisoning Prevention Program activities in consultation with the State Department of Public Health; and
  - v. Seek any federal approvals DHCS deems necessary to implement this section.
- e. Requires that this section shall be implemented only to the extent that any necessary federal approvals are obtained and DHCS determines that federal financial participation is available and not otherwise jeopardized.
  - f. Requires all CHDP providers, as of June 30, 2024, to be automatically enrolled as providers under the Children's Presumptive Eligibility Program.
  - g. Authorizes DHCS to implement this section without taking regulatory action.
  - h. Requires DHCS to issue a declaration certifying the date that all activities required pursuant to this section have been completed, and requires DHCS to post the declaration on its internet website and provide a copy of the declaration to Secretary of State, the Secretary of the Senate, the Chief Clerk of the Assembly, and the Legislative Counsel.
  - i. Requires DHCS to implement the Children's Presumptive Eligibility Program for the pre-enrollment of children into the Medi-Cal program, and authorizes DHCS to designate Medi-Cal providers as qualified entities to determine eligibility for pre-enrollment into Medi-Cal.
  - j. Requires Medi-Cal providers to assist the parent or guardian with the pre-enrollment application for enrollment of their child in Medi-Cal.
  - k. Deletes obsolete provisions relating to the former Healthy Families Program and former Managed Risk Medical Insurance Board, and makes other technical, non-substantive changes to related provisions.
  - l. Shifts responsibility for seeking federal financial participation from the Department of Social Services to DHCS, for a public health nursing program within child welfare services, and requires DHCS, counties, and cities to maximize the use of federal funds in implementing this program.
  - m. Authorizes DHCS to enter into contracts with a California county, city, or city and county to facilitate local administration of this program.

## 27) Share of Cost Reform

- a. Authorizes Medi-Cal eligibility for certain medically needy persons with higher incomes, without a share of cost, as compared to current law which requires inclusion of a share of cost.
- b. Authorizes this Medi-Cal eligibility for individuals who are 65 years of age or older or are disabled.

- c. Requires federal authorization for this change to the “maintenance of income” level, and requires DHCS to adopt, amend, or repeal any necessary regulations within two calendar years of implementation.
- d. Requires that implementation of these provisions be contingent on all of the following conditions:
  - i. All necessary federal approvals have been obtained by the department; and
  - ii. The Legislature has appropriated funding to implement these provisions after a determination that ongoing General Fund resources are available to support the ongoing implementation of these provisions in the 2024-25 fiscal year and subsequent fiscal years.
- e. Requires DHCS to issue a declaration certifying the date that all of the above conditions have been met and shall post the declaration on its internet website and provide a copy of the declaration to the Secretary of State, the Secretary of the Senate, the Chief Clerk of the Assembly, and the Legislative Counsel.

#### 28) Continuous Medi-Cal Coverage for Children

- a. Establishes that a child under five years of age shall be continuously eligible for Medi-Cal, including without regard to income, until the child reaches five years of age.
- b. Prohibits the redetermination of Medi-Cal eligibility before the child reaches five years of age, unless DHCS or the county possesses facts indicating that the family has requested the child’s voluntary disenrollment, the child is deceased, the child is no longer a state resident, or the child’s original enrollment was based on a state or county error or on fraud, abuse, or perjury, as specified.
- c. Removes the requirement for providing income information at the end of 12 months postpartum for individuals within the Medi-Cal Access Program and would instead require that the infant remain continuously eligible for the Medi-Cal program until they are five years of age.
- d. Requires that the application for County Health Initiative Matching Fund funding specify that the county-applicant will provide continuous eligibility for a child under the program until the child is five years of age if the child is not determined to be eligible for Medi-Cal during that time.
- e. Conditions implementation of these provisions on receipt of any necessary federal approvals and on the availability of federal financial participation and on all of the following conditions:
  - i. The Legislature has appropriated funding to implement these provisions after a determination that ongoing General Fund resources are available to support the ongoing implementation of these provisions in the 2024-25 fiscal year and subsequent fiscal years; and

- ii. DHCS has determined that systems have been programmed to implement these provisions.
- f. Requires DHCS to issue a declaration certifying the date that all conditions described above have been met, post the declaration on its internet website, and provide a copy of the declaration to the Secretary of State, the Secretary of the Senate, the Chief Clerk of the Assembly, and the Legislative Counsel.
- g. Makes these provisions operative on January 1, 2025, or the date of its certification, whichever is later.

#### 29) Hospital and Nursing Facility Worker Retention Payments

- a. Finds and declares that:
  - i. Stability in the California health care workforce will further its efforts to manage the COVID-19 pandemic and address other public health issues that face Californians; and
  - ii. Providing California health care workers in 24 hour care facilities with retention payments, as appropriated and available, will advance California's effort to promote stability and retention in California's health care workforce.
- b. Requires DHCS, upon appropriation from the Legislature, to provide funding to participant covered entities, covered services employers, and physician entities to make retention payments to their eligible employees or eligible physicians, and to make retention payments directly to eligible physicians who are not employees of a covered entity or physician entity, with the goal of advancing California's effort to promote stability and retention in California's health care workforce.
- c. Authorizes DHCS to provide up to \$1,500 for each eligible full-time employee, \$1,250 for each eligible part-time employee, or \$1,000 for each eligible physician, subject to the established methodology and total amount of funding available for this purpose.
- d. Requires a covered entity, as a condition of receipt of funding, to provide specified information about its employees and other information required by DHCS.
- e. Establishes a process for DHCS to calculate the amount of the retention payments to be made to each covered entity and eligible physician, including:
  - i. For an eligible full-time employee, the state payment amount shall be \$1,000 plus the amount of matching retention payment paid to the eligible full-time employee by the covered entity or covered services employer, up to a total maximum state payment of \$1,500.
  - ii. For an eligible part-time employee, the state payment amount shall be \$750 plus the amount of matching retention payment paid to the eligible part-time employee by the covered entity or covered services employer, up to a total maximum state payment of \$1,250.
  - iii. For an eligible physician, the state payment amount shall be \$1,000.

- f. Authorizes DHCS to reduce the payment amounts to reflect the total amount of funding appropriated to DHCS and the total number of eligible employees and physicians.
- g. Requires DHCS, to the extent feasible, to adopt a methodology to ensure that no employee or physician receives more than one retention payment.
- h. Requires DHCS to determine the conditions and data reporting requirements for participant covered entities to be eligible to receive funding for retention payments.
- i. Requires all covered entities to provide all funding to their eligible employees and eligible physicians within 60 days of receipt from DHCS, and return to DHCS any funding that is not distributed within 60 days of receipt from DHCS.
- j. Requires all covered entities to report to DHCS the details of the payments made within 90 days of receipt of funds.
- k. Prohibits the use of these funds to supplant other payments to employees or physicians.
- l. Stipulates that these payments shall not be considered payment for patient care or medical services.
- m. Establishes a dispute resolution process specific to these payments for both employees and physicians.
- n. Requires, if the Labor Commissioner finds that the covered entity or covered services employer is liable for failing to make a required retention payment, the covered entity or covered services employer to be ordered to make full payment of the unpaid amount plus interest.
- o. Makes a covered entity or covered services employer that willfully fails to make a full retention payment after receiving a request for review liable to the employee for liquidated damages in an amount equal to the unpaid amount.
- p. Provides that, if the covered entity or covered services employer does not conclude the retention payment review within 30 days of receipt of the review request, or does not cure the alleged deficiency within 30 days of receipt of the review request, and the alleged deficiency is greater than \$500, the employee may file a complaint with the Labor Commissioner or the employee may file a civil action in court to recover the deficiency.
- q. Stipulates that DHCS shall not be liable for any payment, interest, liquidated damages or attorney's fees and costs awarded to an employee pursuant to this section, and shall not be required to indemnify a covered entity or covered services employer for any such liability they incur pursuant to this section.
- r. Requires the Labor Commission to enforce this part of these provisions.

- s. Stipulates that these provisions do not create a private right of action in any civil litigation against covered entities, covered services employers and physician entities regarding the administration of the retention payment program and in the receipt and transmittal of retention payment program funds.
- t. Requires that, except as specified, covered entities, covered services employers, physician entities, and DHCS shall not be liable for damages awarded under Section 3294 of the Civil Code, Sections 2698 to 2699.5 of the Labor Code, or other damages imposed primarily for the sake of example and by way of punishing the defendant, in any civil litigation related to the retention payments described in this part.

### **Department of Public Health (CDPH)**

#### **30) Future of Public Health**

- a. Requires CDPH, upon appropriation by the Legislature for this purpose, to develop and implement a program to fund and support vital public health activities and services to be provided by the 61 local health jurisdictions (LHJs) in California.
- b. Requires each local health jurisdiction, by December 30, 2023, and by July 1 every three years thereafter, as a condition of funding, to submit a public health plan to CDPH that should be informed by the Community Health Assessment and Community Health Improvement Plan, including proposed evaluation methods and metrics.
- c. Prohibits the supplanting of other funding with this funding by LHJs.
- d. Requires each LHJ to certify that 70 percent of these funds will be used to support staff, and that the remaining funds, not to exceed 30 percent, may be used for equipment, supplies, and other administrative purposes.
- e. Requires that each LHJ receive a base grant of \$350,000, and requires the remaining funding be distributed based on population, poverty, and demographics.
- f. Requires an LHJ, that does not have a completed community health needs assessment, community health improvement plan, or strategic plan commence coordination and planning activities by no later than October 1, 2022 and complete its triennial public health plan by December 30, 2023.
- g. Requires CDPH to work in collaboration with the County Health Executives Association of California, California Conference of Local Health Officers, and Service Employees International Union to determine any minimum requirements for the funding and to establish statewide metrics to evaluate the impact of the investment of these funds on public health outcomes.

- h. Authorizes an LHJ, upon submission of a letter of support to CDPH with a description of the regional capability being provided, direct a portion of its funds to another LHJ in support of regional capacity.
- i. Requires, as a condition of this funding, an LHJ to annually update its Board of Supervisors (or city council), on the State of the County's (or City's) Public Health, including the most prevalent causes of morbidity and mortality, and an update on progress addressing these issues.
- j. Requires this update to identify the county's most prevalent causes of morbidity and mortality, causes of morbidity and mortality with the most rapid three year growth rate, health disparities, and an update on progress addressing these issues through the strategies and programs identified in the LHJs triennial public health planning document, including identification of policy recommendations and fiscal estimates for addressing these issues.
- k. Requires the State Public Health Officer, on or before February 1 of every other year, to submit a written report to the Governor and both houses of the Legislature on the state of public health in California, and requires the State Public Health Officer to present an update annually to the Assembly and Senate Budget Committees, or relevant subcommittees, during legislative budget hearings.
- l. Requires this annual report to include specified data, including: information on public health indicators, health disparities, leading causes of morbidity and mortality, and incidence and prevalence of communicable and non-communicable chronic diseases and conditions, intentional and unintentional injuries, suicide, gun violence, mental illness and substance use disorders.
- m. Requires CDPH to annually seek input from stakeholders, including legislative staff, on the contents of the required report.

### 31) HCV and STI Funding Amendments

- a. Expands the activities that CDPH may allocate funding for related to the monitoring, prevention, testing, and linkage to Hepatitis C Virus (HCV) and sexually transmitted infections (STIs) care to include integrated services for HCV, STIs, human immunodeficiency virus (HIV) infection, and drug overdose, and other activities that improve HCV and STI health outcomes.
- b. Authorizes local health jurisdictions and community-based organizations to use these funds to provide material support, including, among other things, sleeping bags, clothing items, and shelter.
- c. Authorizes CDPH to use these funds to support capacity building assistance, including integrated services for HCV, HIV, STIs, and drug overdose, to the extent they improve health outcomes for individuals living with, or at high risk for, HCV or STI infection.

**Department of State Hospitals (DSH)****32) Cost of Care Treatment**

- a. Requires DSH to develop and implement a financial assistance program that may reduce or cancel the amount that a patient owes for the cost of care and treatment at a state hospital.
- b. Requires DSH to make its financial assistance program policy available to the public on DSH's internet website.
- c. Authorizes DSH to develop reasonable payment plans suitable to the patient's ability to pay.
- d. Deletes the following existing statutory provisions that authorize:
  - i. The court to direct the guardian or conservator of a patient who has insufficient funds to cover their cost of state hospital care, to sell the patient's personal or real property to pay for the care.
  - ii. DSH to apply to become appointed as guardian or conservator of a patient's estate if the patient lacks legal capacity to make decisions, has no guardian or conservator, and is the owner of any property.
  - iii. DSH to invest funds held as executor, administrator, or conservator of estates, or trustee, in specified bonds or obligations, and to establish one or more common trusts for investment of those funds.
  - iv. DSH, upon the death of a patient, to make proper disposition of the remains and pay for the disposition of the remains.

**33) Incompetent to Stand Trial (IST) Workgroup Proposals**

- a. Revises the roles of a licensed psychologist or psychiatrist in the process of determining a defendant's mental competency to stand trial, as follows:
  - i. Establishes that if the court finds specified conditions to be true, and if pursuant to the opinion offered to the court, a psychiatrist has opined that treatment with antipsychotic medication is appropriate for the defendant, the court shall issue an order authorizing administration of antipsychotic medication as needed, including on an involuntary basis, to be administered under the direction and supervision of a licensed psychiatrist.
  - ii. Establishes that if the court finds specified conditions to be true, and if pursuant to the opinion offered to the court, a licensed psychologist has opined that treatment with antipsychotic medication may be appropriate for the defendant, the court shall issue an order authorizing treatment by a licensed psychiatrist on an involuntary basis.
  - iii. Authorizes such treatment to include the administration of antipsychotic medication as needed, to be administered under the direction and supervision of a licensed psychiatrist.



- b. Authorizes such treatment to include the administration of antipsychotic medication as needed, to be administered under the direction and supervision of a licensed psychiatrist.
- c. Requires, effective July 1, 2023, that a mentally incompetent defendant first be considered for placement in an outpatient treatment program, a community treatment program, or a diversion program, if available, unless the court finds that the clinical needs of the defendant, or the risk to community safety, warrant placement in a State Hospital.
- d. Revises the requirement that a court, prior to ordering a defendant to be committed to a treatment facility, to hear and determine whether the defendant lacks the capacity to make decisions regarding the administration of antipsychotic medication, and increases documentation requirements.
- e. Repeals the authorization for the administration of antipsychotic medications in a county jail.
- f. Authorizes DSH to contract for medical, evaluation, and other services for felony defendants in county jail deemed incompetent to stand trial.
- g. Authorizes DSH to conduct reevaluations of those defendants awaiting admission any time after commitment has been ordered.
- h. Authorizes a court to order the involuntary administration of antipsychotic medication based upon a reevaluation.
- i. Requires local county jails to cooperate with evaluators.
- j. Requires DSH to implement a cap on the number of mentally incompetent persons committed to State Hospitals in each county per year and assess a penalty rate for commitments exceeding that cap.
- k. Requires the penalty funds to be collected by DSH and deposited into the Mental Health Diversion Fund, a continuously appropriated fund in the State Treasury created by this bill.
- l. Requires the penalty funds to be dispersed to each county in amounts equal to the penalty payments made for the purpose of supporting county mental health services and activities.
- m. Establishes, until June 30, 2026, a statewide panel of independent evaluators to identify and evaluate state hospital patients who are appropriate for participation in the Forensic Conditional Release Program which provides outpatient and community-based treatment to individuals committed to State Hospitals.
- n. Permits disclosure of specified records to parties in specified judicial and administrative proceedings and to district attorneys in commitment, recommitment, or petition for release proceedings.

**Mental Health Services Oversight and Accountability Commission (MHSOAC)**34) SB 82 Flexibilities

- a. Authorizes CHFFA and MHSOAC to use a sole-source contracting process for grant-making within the Investment in Mental Health Wellness Act of 2013 when it is determined that it is in the public's best interest to do so.
- b. Expands the types of entities that qualify for these grants from just county and city health departments to also include other local government agencies, community-based organizations, health care providers, hospitals, health systems, childcare providers, and other entities.
- c. Expands the purpose of these provisions from supporting only responses to mental health crises and triage personnel to also support crisis prevention, early intervention, and crisis response strategies.
- d. Adds education, training, and innovative, best practice, evidence-based, and related approaches to support crisis prevention, early intervention, and crisis response to the services that may be supported with these funds.
- e. Authorizes MHSOAC to require matching funds from entities in order to qualify for these grants, which shall not be designated in a manner that will prevent participation by any particular entity.

**California Health Benefits Exchange (Covered California)**35) California Premium Subsidy Program

- a. Eliminates the sunset of January 1, 2023, and extends indefinitely a program of health care coverage financial assistance to help low-income and middle-income Californians, and permanently exempts the program from the requirements of the Administrative Procedure Act.

**Fiscal Effect:** Establishes the Mental Health Diversion Fund and continuously appropriates funding received from penalties collected from counties to support activities related to diversion of individuals with serious mental illness away from the criminal justice system and reducing the number of individuals determined incompetent to stand trial on felony charges.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 186	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Scott Ogus		

**Subject:** Public Health

**Summary:** This bill is an omnibus public health trailer bill, and contains changes to implement the Budget Act of 2022.

**Proposed Law:** This bill makes statutory revisions affecting health programs necessary to implement the Budget Act of 2022. Specifically, this bill:

1) Medi-Cal Physician and Dentist Loan Repayment Program

- a. Modifies the name of the program.
- b. Makes the Loan Repayment Program Account continuously appropriated to implement the program, and requires the account to contain funds from the Healthcare Treatment Fund, which consist of revenue from Proposition 56, the California Healthcare, Research and Prevention Tobacco Tax Act of 2016.
- c. Establishes the Medi-Cal Loan Repayment Program Special Fund, makes it continuously appropriated, and requires this fund to contain funds transferred from the California Electronic Cigarette Excise Tax Fund, funds collected from remittances by Medi-Cal managed care plans, and any other moneys appropriated to the program.
- d. Requires the Department of Health Care Services (DHCS) to expend all funds in the Loan Repayment Program Account before expending any funds from the Medi-Cal Loan Repayment Program Special Fund.
- e. Deletes the January 1, 2026 sunset on this program, thereby extending it indefinitely.
- f. Requires remitted amounts, for noncompliance by a Medi-Cal managed care plan with the medical loss ratio, be transferred to the Medi-Cal Loan Repayment Program Special Fund, rather than to the Medically Underserved Account for Physicians for the Steven M. Thompson Physician Corps Loan Repayment Program, as required by current law.

2) Skilled Nursing Facility Financing Reform

- a. Establishes a new Medi-Cal reimbursement rate structure for skilled nursing facilities (SNFs), authorized for calendar years 2023 through 2026.
- b. Extends the existing quality assurance fee on SNFs until December 31, 2026.
- c. Bases the rates on an updated annual percentage increase with a separate budgetary growth limit of up to five percent for labor costs and two percent for non-labor costs.
- d. Establishes a new Workforce and Quality Incentive Program under which facilities will be able to earn directed payments, and assumes \$280 million in these payments in 2023.
- e. Requires DHCS to make a one-time increase to the performance-based directed payment target amount, no sooner than December 31, 2023.
- f. Requires, beginning in 2024, half of the annual increase for non-labor costs to be allocated to base rates and half to increase Workforce and Quality Incentive Program payments.
- g. Requires DHCS, in consultation with stakeholders, to establish the methodology, parameters, and eligibility criteria for the directed payments, including milestones and metrics that network providers of SNF services must meet in order to receive a directed payment, with at least two of these milestones and metrics tied to workforce measures.
- h. Exempts freestanding pediatric subacute care facilities and special program services for the mentally disordered from the directed payments.
- i. Authorizes DHCS to sanction SNFs that do not meet the quality standards established by DHCS, in the amount of five dollars per Medi-Cal bed day, with a maximum of \$150,000, in a single rating period.
- j. Requires that if there is a merger, acquisition, or change of ownership involving a SNF that has an outstanding sanction, the successor SNF shall be responsible for paying the sanction.
- k. Establishes an appeal process for SNFs to contest these sanctions.
- l. Authorizes DHCS to contract with California's Medicare Quality Improvement Organization, or other qualified entities, to assist with development, collection, analysis, and reporting of the performance data.
- m. Specifies that for 2023 only, SNFs shall receive a "bridge rate add-on" equivalent to the current COVID-19 Public Health Emergency rate add-on. Restricts the funds to allowable COVID-related costs and are subject to audit. Requires 85 percent of the funds from the add-on to be used for current labor costs.

- n. Requires that any funds from the add-on found to be spent out of compliance with these requirements be recouped and redistributed to the Workforce and Quality Program.
- o. Requires DHCS to establish workforce standards for 2024 through 2026, and makes facilities that meet the workforce standards eligible to receive a base rate augmentation. Specifies that a facility could receive the base rate augmentation for the first time in 2024, 2025, or 2026, depending on when the facility meets the workforce standards.
- p. Requires that subsequent annual rate increases for a facility that has met and continues to meet the workforce standards to be calculated off of the augmented base rate, subject to the annual growth limits.
- q. Requires that annual rate increases for a facility which has not yet met, or fails to continue to meet, the workforce standards to be calculated off of the un-augmented base rate, subject to the annual growth limits.
- r. Requires that if a facility that met the workforce standards in a particular year, and received the base rate augmentation, is determined in a subsequent year to no longer meet the workforce standard, the rate for the facility would revert to the rate that would have been received if the facility had not met the workforce standards
- s. Authorizes the workforce standards to include, but need not be limited to, criteria such as maintaining a collective bargaining agreement or comparable, legally binding, written commitment with its direct and indirect care staff, payment of a prevailing wage for its direct and indirect care staff, payment of an average salary above minimum wage, participation in a statewide multi-employer joint labor-management committee of skilled nursing facility employers and workers, or other factors, as determined by the department in consultation with the stakeholders.
- t. Requires the base rate augmentation to be determined as follows, on a facility-specific basis:
  - i. Step One: Calculate what the Calendar Year (CY) 2023 base rate would have been if an annual growth limit had not been applied to labor costs.
  - ii. Step Two: Take the difference between the amount calculated in Step One and the un-augmented CY 2023 base rate.
  - iii. Grow the amount calculated in Step Two by five percent to determine the potential base rate augmentation for facilities that meet the workload standard for CY 2024.
  - iv. For facilities that meet the workload standard for the first time for CY 2025 or CY 2026, grow the base rate augmentation by an additional five percent for each year.
- u. Continues the Skilled Nursing Facility Minimum Staffing Penalty Account, which is continuously appropriated to the California Department of Public Health (CDPH).

- v. Requires CDPH to use the direct care staffing level data it collects to determine whether a SNF has met the nursing hours or direct care service hours per patient per day statutory requirements.
- w. Requires CDPH to assess a SNF an administrative penalty if it determines that the SNF fails to meet the required staffing hours as follows: 1) \$25,000 if the SNF fails to meet the requirements for between 5 and 49 percent of the audited days; and \$50,000 if the SNF fails to meet the requirements for over 49 percent of the audited days.
- x. Authorizes CDPH to request that DHCS offset any moneys owed to the SNF by the Medi-Cal program to recoup the penalty.
- y. Establishes an appeal process for SNFs that are assessed a penalty.
- z. Makes findings and declarations related to Medi-Cal costs and provider reimbursement rates.

**Fiscal Effect:** Continuously appropriates funding from penalties on skilled nursing facilities received by the Skilled Nursing Facility Minimum Staffing Penalty Account in the Special Deposit Fund for the purpose of ensuring skilled nursing facility compliance with minimum staffing standards.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 187 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 26, 2022 As amended  
**Urgency:** No **Fiscal:** No  
**Consultant:** Renita Polk

**Subject:** Human Services

**Summary:** Provides for statutory changes necessary to enact human services related provisions of the Budget Act of 2022.

**Background:** As part of the 2022-23 budget package, this bill makes statutory changes to implement the budget act.

**Proposed Law:** The bill includes the following provisions relating to human services

- 1) **Family First Prevention Services Act (FFPSA) Clean-Up.** Makes the following changes related to the FFPSA, as administered by the State Department of Social Services (DSS):
  - a) Makes changes to provisions concerning the licensing of, and the placement on or after July 1, 2022, of children in, community treatment facilities (CTFs), including requiring a qualified individual to conduct an assessment of certain placements in CTFs, establishing a process for the juvenile court to review and approve the placement of a dependent child, ward, or nonminor dependent in a CTF, requiring county social workers and probation officers to include certain information in specified social studies, reports, and case plans, requiring CTFs to ensure the availability of nursing staff, and providing at least 6 months of family-based aftercare services postdischarge from a CTF.
  - b) For placements into a CTF, requires the Judicial Council, on or before October 1, 2022, to amend or adopt rules of court and to develop or amend appropriate forms, as necessary.
  - c) Requires a licensed CTF to have national accreditation from an entity identified by the DSS. Requires a CTF to provide documentation to the department reporting its accreditation status at 12 months and at 18 months after the date of licensure.
  - d) Requires a CTF to prepare and maintain a plan of operation relating to, among other things, standards for a comprehensive trauma-informed treatment model, and development of discharge planning and an individualized family-based aftercare support plan. Under the bill, federal financial participation under the Medi-Cal program would only be available if all state and federal requirements are met and the treatment is medically necessary, regardless of the 6 months postdischarge requirement.

- e) Authorizes the DSS to adopt emergency regulations and authorizes the department to implement these provisions through interim licensing standards until the adoption of regulations.
- f) Requires that a CTF or short-term residential therapeutic programs (STRTP) be reclassified and paid at the appropriate program rate for which it is qualified if it fails to timely obtain or maintain accreditation as required by state law or fails to provide proof of that accreditation to the department upon request.
- g) Includes, as part of the accreditation factor for STRTPs, provision for reduction or revocation of the rate in the event of the suspension, lapse, revocation, or other loss of accreditation, or failure to provide proof of that accreditation to the department upon request.
- h) Authorizes the department to terminate a program rate if, for a provider operating a STRTP or a CTF, the program or facility is no longer accredited as required by state law.
- i) Requires a county with a prevention services plan to provide mental health and substance abuse prevention and treatment services and in-home parent skill-based programs to a child who is a candidate for foster care or a child in foster care who is a pregnant or parenting foster youth to also consult with the other agencies in the ongoing implementation of the plan.

2) **Securing Social Security Benefits for Foster Youth.** Makes the following changes:

- a) Revises and expands provisions with respect to nonminor dependents, including requiring the county, if the youth elects to remain in foster care as a nonminor dependent after attaining 18 years of age, to assist the nonminor dependent in establishing continuing disability as an adult, including identifying an appropriate representative payee, which may include the nonminor dependent, a trusted adult, or the county, and gathering and submitting records to the federal Social Security Administration.
- b) Specifies the duties of the county if selected as a nonminor dependent's representative payee.
- c) Revises screening requirements for foster youth nearing emancipation, including requiring the youth to be under the supervision of the county child welfare agency, juvenile probation department, or tribal organization, and requiring the screening to occur when the youth is over 16 years of age.
- d) Requires the county to screen nonminor dependents for potential eligibility for SSI benefits under certain circumstances, including, among other circumstances, when a nonminor dependent has had a change of circumstances, including a medical condition that is expected to last more than a year.
- e) Requires the county to submit an application on behalf of any nonminor dependent who is screened as being likely to be eligible for those benefits and consents to the application, as specified.



- f) Requires the county to assist the nonminor dependent or representative payee other than the county to provide information to the Social Security Administration to ensure that the nonminor dependent receives the appropriate number of payments.
  - g) Replaces various references to county welfare departments to instead refer to county placement agencies.
  - h) Specifies that these provisions become operative on January 1, 2023, or 30 days after the department has issued the required guidance, whichever is later.
- 3) **Housing Navigation and Maintenance Program for Transition Age Youth.** Makes the following changes:
- a) Renames the housing navigator program as the Housing Navigation and Maintenance Program in the Department of Housing and Community Development (HCD) and extends eligibility and priority for the program to help young adults who are 18 to 24 years of age, inclusive, with priority given to young adults formerly or currently in the foster care system.
  - b) For a child welfare agency that accepts any distribution of money for both the Transitional Housing Program and the Housing Navigation and Maintenance Program, requires the HCD to accept one county board resolution and one allocation acceptance form, and execute one standard agreement, for both programs.
  - c) Extends the age of eligibility for transitional housing in all counties to any former foster youth who is 18 to 24 years of age, inclusive, and extends the maximum time they may receive services to 36 months.
- 4) **Emergency Child Care Bridge.** Makes the following changes:
- a) Authorizes a payment or voucher in the Emergency Child Care Bridge Program for Foster Children if work or school responsibilities preclude a resource family from providing care, rather than precluding them from being at home, when the child for whom they have care and responsibility is not in school or for periods when the family is required to participate, without the child, in activities associated with parenting a child that are beyond the scope of ordinary parental duties.
  - b) Effective September 1, 2022, authorizes a county welfare department to extend the monthly payment or voucher beyond 12 months based on a compelling reason, which may include, among other things, the inability of the foster child to successfully transition to other subsidized childcare or other reasons authorized pursuant to guidance issued by the department, with input from stakeholders. Current law allows a child receiving a monthly childcare payment or voucher to be eligible to receive the payment or voucher for up to 6 months, which may be extended for an additional 6-month period, for a total period of up to 12 months.
  - c) Removes obsolete provisions.

- 5) **Foster Care Interim Rates Extension.** Provides a two-year extension for the payments of interim rates in the Aid to Families with Dependent Children-Foster Care (AFDC-FC) program, under which counties provide payments to foster care providers on behalf of qualified children in foster care. Current law requires the DSS to administer a state system for establishing rates in the AFDC-FC program, and to implement a rate structure that is effective through December 31, 2022, for specified rates paid to certified family homes of a foster family agency, short-term residential therapeutic programs, and foster family agencies that provide treatment, intensive treatment, and therapeutic foster care programs. Current law requires the DSS to implement intensive treatment foster care programs for eligible children and exempts the rates for these programs from the current AFDC-FC foster family agency ratesetting system, and additionally requires the DSS from January 1, 2017, to December 31, 2021, inclusive, to implement an interim rate structure to reflect the appropriate level of placement and address the need for specialized health care, support services, and mental health treatment services for foster children served in these programs. Extends the operation of this interim rate structure through December 31, 2024.
- 6) **Placement Prior to Approval Foster Care Payments.** Provides for payments to placed children in family-based settings with emergency caregivers prior to the completion of the Resource Family Approval (RFA) process and with an application for the Emergency Assistance Program. Makes the federal and state share available beyond 120 days of payments, and up to 365 days of payments, if certain conditions are met by the county, including, among others, the provision of monthly documentation showing good cause for the delay in approving the resource family application that is outside the control of the county.
- 7) **Office of Youth and Community Restoration Ombudsperson.** Makes the following changes:
  - a) Adopts provisions related to the Office of Youth and Community Restoration's Ombudsperson's duties and provides discretion to the Ombudsperson whether to investigate complaints from youth in juvenile facilities or to refer the complaint to another body for investigation.
  - b) Provides access to juvenile facilities and the ability to meet with youth in a juvenile facility upon meeting prescribed notification requirements.
  - c) Requires regular reporting of data related to complaints on the Internet and the Legislature and protects the confidentiality of complainants and witnesses and prohibits the release of non-publicly released records and reports from disclosure in response to a subpoena.
- 8) **Statewide Child Welfare Information System.** Revises various specific references to the Child Welfare Services/Case Management System (CWS/CMS) and the Child Welfare Services-New System (CWS-NS) to refer instead to a statewide child welfare information system. Requires counties to fully utilize the functionality provided by the replacement statewide child welfare information system when it has been implemented statewide.
- 9) **CalWORKs Grant Increase, No Child in Deep Poverty.** Makes the following changes:

- a) Expresses the intent of the Legislature that, upon appropriation, CalWORKs maximum aid payments are sufficient to ensure that no child lives at or below 50% of the federal poverty level.
  - b) Commencing on October 1, 2022, increases by 11% the maximum aid payments in effect on July 1, 2022.
  - c) Commencing on October 1, 2022, and through September 30, 2024, increases the maximum aid payments in effect on July 1, 2022, by an additional 10%, as specified.
  - d) Commencing on October 1, 2024, and subject to an appropriation, increases the maximum aid payments in effect on July 1, 2024.
  - e) Commencing on January 1, 2023, and based on a specified timeline, requires the DSS to annually provide a display to the appropriate policy and fiscal committees of the Legislature and on the department's internet website showing the CalWORKs maximum aid payment amounts compared to 50% of the federal poverty level.
- 10) **CalWORKs Overpayments.** Clarifies that the prohibition for an overpayment in the California Work Opportunity and Responsibility to Kids (CalWORKs) program classified as an administrative error from being reclassified after the state of emergency related to the COVID-19 pandemic ends is inapplicable if the overpayment is determined to be fraudulent. Current law requires a nonfraudulent CalWORKs overpayment that is established for a current CalWORKs case on or after August 1, 2021, and for the benefit months of April 2020 to the end of the proclamation of a state of emergency related to the COVID-19 pandemic, or June 30, 2022, whichever date is sooner, to be classified as an administrative error. Current law also prohibits an overpayment classified as an administrative error pursuant to this provision from being reclassified after the state of emergency related to the COVID-19 pandemic ends.
- 11) **CalWORKs Aid to Pregnant Parents Technical Clean-up.** Removes the limitation on a person with no eligible children who does not provide medical verification of their pregnancy from being apparently eligible, thereby expanding apparent eligibility for those purposes. Expands apparent eligibility to allow for access to an immediate assistance payment if a county determines at the time of application that the applicant needs immediate assistance because the family's total available liquid resources are less than \$100 and there is an emergency situation, allowing access to homeless assistance and temporary shelter.
- 12) **CalWORKs Home Visiting Program Related Payment.** Increases the amount from \$500 to an amount not to exceed \$1,000 for an authorized, one-time, as-needed payment for the purchase of material goods for a Home Visiting program participant's household related to care, health, and safety of the child and family. The CalWORKs Home Visiting Program is administered by the DSS to provide case management and evidence-based home visiting for the purpose of family support.
- 13) **Golden State Grant Repeal.** Repeals the Golden State Grant Program as of January 1, 2024. The program had provided a one-time grant payment of \$600 to qualified grant recipients, including recipients of benefits under the Supplemental Security Income/State

Supplementary Program for the Aged, Blind, and Disabled (SSI/SSP) program. The one-time payments were previously administered.

- 14) **Supplemental Security Income/State Supplementary Payment (SSI/SSP) Grant Increase.** Makes the following changes:
  - a) Commencing January 1, 2023, increases the amount of aid paid under SSP by a percentage increase calculated by the DSS and the Department of Finance.
  - b) Requires the DSS and the Department of Finance 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 2022 for the purposes of implementing the increase.
  - c) Requires the DSS to calculate and publish on an annual basis what the payment levels and associated costs would have been if annual state cost-of-living adjustments had been provided historically and into the future.
- 15) **In-Home Supportive Services (IHSS) County Withhold Clean-Up.** Clarifies that the withholding of 1991 Realignment funds that may result from the process specified in current law is a one-time withholding, and that the funds are to be withheld pursuant to a schedule developed by the Department of Finance and provided to the Controller.
- 16) **IHSS Permanent Provider Backup System.** Requires a county or a public authority, effective no sooner than October 1, 2022, to administer a backup provider system for in-home supportive services and waiver personal care services providers. Establishes eligibility requirements, maximum total hours a recipient may use, eligibility requirements and wages for backup providers, and the responsibilities of the county or public authority in operating the system. Makes counties, public authorities, and the state immune from liability resulting from a backup provider's untimely response to a request for provider backup services. Authorizes the department to implement and administer these provisions through all-county letters or similar instructions until regulations are adopted and would require the state to seek all federal approval necessary.
- 17) **IHSS Provider Orientations.** Authorizes, if the state or local public health agency issues an order limiting the size of gatherings, a county to hold a series of smaller in-person orientations that meet the same criteria. Specifies that a county is not required to hold an orientation in which prospective providers attend in person if the state or local health agency issues an order that prevents the in-person orientation from occurring. Requires a county to hold an orientation that is in person within 30 calendar days of the date that the public health order restrictions are lifted. Prohibits the requirement for in-person orientation from applying if the parties to a collective bargaining agreement expressly agree to waive that requirement and have a negotiated alternative method for the provision of the orientation.
- 18) **Caregiver Resource Centers.** Repeals and recasts the Comprehensive Act for Families and Caregivers of Cognitively Impaired Adults to require the Director of the California Department of Aging (CDA) to administer the act, and thus the Caregiver Resource Center program. Requires the CDA to administer the Caregiver Resource Center program as a distinct program separate from the federal Older Americans Act.

19) **California Food Assistance Program (CFAP) Expansion to Individuals 55 Years of Age or Older.** Makes the following changes:

- a) Subject to an appropriation in the annual Budget Act, makes an individual 55 years of age or older eligible for the California Food Assistance Program (CFAP) if the individual's immigration status is the sole basis for their ineligibility for CalFresh benefits through the CFAP. Current law provides CFAP assistance to a noncitizen of the United States if the person's immigration status meets the eligibility criteria of SNAP in effect on August 21, 1996, but the person is not eligible for SNAP benefits solely due to their immigration status. Current law also makes eligible for the program an applicant who is otherwise eligible for the program, but who entered the United States on or after August 22, 1996, if the applicant is sponsored and the applicant meets one of a list of criteria, including that the applicant, after entry into the United States, is a victim of the sponsor or the spouse of the sponsor if the spouse is living with the sponsor.
- b) Makes implementation of the expansion contingent upon automation in the Statewide Automated Welfare System (SAWS) being completed to effectuate this purpose.

20) **CalFresh Employment and Training Program Workers' Compensation Fund.**

Establishes the CalFresh E&T Workers' Compensation Fund for the purpose of paying workers' compensation claims resulting from CalFresh recipients' participation in the CalFresh E&T program. Continuously appropriates funds deposited under this provision for this purpose. Provides, in the event of abolition of the CalFresh E&T program, for the return of any remaining funds to the Food and Nutrition Service of the United States Department of Agriculture.

21) **CalFresh Student Data Portal.** No later than January 1, 2024, requires the DSS, in order to assist in monitoring information about access to CalFresh by students enrolled in an institution of higher education, as defined, to publish certain data specific to students' receipt of CalFresh benefits on the department's existing CalFresh Data Dashboard. Requires the department to update the dashboard over time as additional data become available about this population.

22) **CalFresh Administration Rebase.** Requires the DSS to work with representatives of county human services agencies and the County Welfare Directors Association of California to update the CalFresh budgeting methodology, to determine the annual funding for county administration of the CalFresh program, beginning with the 2023–24 fiscal year, delaying the rebase from the current 2022–23 fiscal year in law.

23) **CalFood Expenditures.** Authorizes the percentage of storage and transportation expenditures compared to the CalFood Program fund's annual budget to be increased from their levels in the 2021-22 fiscal year after a determination by the department in consultation with food bank stakeholders to reflect the true costs to acquire, store, and distribute foods purchased through the CalFood Program. Removes any specific percentage regarding purchase and transportation expenditures for CalFood in law.

24) **Tribal Nutrition Assistance Program.** Establishes the Tribal Nutrition Assistance Program, to be administered by the DSS. Subject to an appropriation, requires the DSS

to award grants, no later than July 1, 2023, to eligible tribes and tribal organizations to address food insecurity and inequities between CalFresh benefits and FDPIR. Requires the DSS to develop grant eligibility standards and rules regarding approved services and assistance in government-to-government consultation with tribes. Exempts contracts and grants awarded pursuant to the act from specified contracting provisions and rules. Authorizes the department to implement and administer the act without adopting regulations.

- 25) **Adult Protective Services (APS) Training.** Requires the DSS to select and award grants to private nonprofit or public entities for the purpose of establishing a statewide multipurpose adult protective services workforce development and training program. Outlines the purpose of the program to develop and implement statewide coordinated training and workforce development activities designed specifically to meet the needs of county adult protective services social workers and to provide training for mandated reporters of elder and dependent adult abuse. Authorizes the DSS to enter into agreements with other public or private entities for the provision of the activities to the extent that funding is appropriated by the Legislature or provided through other sources. Conditions implementation of the program's provisions on an appropriation of sufficient funding from state or federal sources.
- 26) **California Guaranteed Income Pilot Program.** Makes the following changes:
- a) Authorizes the DSS to establish an appropriate method, process, and structure for grant management, fiscal accountability, payments to guaranteed income pilot participants, and technical assistance and supports for grantees that ensure transparency and accountability in the use of state funds for the implementation of the California Guaranteed Income Pilot Program. Authorizes the DSS to contract with one or more entities for these purposes.
  - b) Authorizes the DSS to require grantees to use a specified third-party vendor for purposes of administering grantees' pilots, develop a benefits counseling tool or informational materials for use by grantees, and to meet the requirements of the program.
  - c) Authorizes the DSS to accept and, subject to an appropriation, expend funds from nongovernmental sources for the review and evaluation of the pilot programs and projects and for any grant or contract under the program. The program will provide grants to eligible entities for the purpose of administering pilot programs and projects that provide a guaranteed income to participants, with priority to California residents who age out of the extended foster care program at or after 21 years of age or who are pregnant individuals.
  - d) Excludes, until July 1, 2026, any payments received by an individual from a guaranteed income pilot program or project from the gross income of recipients for personal income tax purposes.
- 27) **Office of Response and Resilience.** Makes the following changes:
- a) Establishes, beginning July 1, 2022, the Office of Response and Resilience (ORR), subject to appropriation in the annual Budget Act, within the California Health and

Human Services Agency to provide policy, fiscal, and operational organization, coordination, and management when departments within the agency are preparing for, mitigating, responding to, or helping communities recover from an emergency.

- b) Requires the ORR to maintain and update an All Hazards Dashboard to identify the impacts of emergency and hazardous events and provide key data necessary to support agency response operation.
- c) Authorizes the ORR to enter into contracts for the purposes of implementing these provisions, and would, on or before June 30, 2024, exempt those contracts from certain laws relating to public contracts and from the review or approval of the Department of General Services.

**28) Health Plan Improvement Trust Fund.** Makes the following changes:

- a) Establishes the Health Plan Improvement Trust Fund, for use by the Center for Data Insights and Innovation, replacing the Office of Patient Advocate Trust Fund. Current law requires moneys in the Office of Patient Advocate Trust Fund to be transferred and deposited into the Health Plan Improvement Trust Fund by July 1, 2021, and requires the Office of Patient Advocate Trust Fund to be eliminated once all funds are transferred.
- b) Provides that the moneys in the Health Plan Improvement Trust Fund shall be available, upon appropriation by the Legislature, for use by the Center for Data Insights and Innovation.

**29) Low Income Household Water Assistance Program Water Arrearages.** Makes the following changes:

- a) Requires the Department of Community Services and Development (CSD) to administer the Low Income Household Water Assistance Program (LIHWAP), until appropriated funds are expended or until June 30, 2026, whichever occurs first.
- b) Requires the one-time extension of the Low Income Household Water Assistance Program to be implemented in accordance with a state plan and program guidelines.
- c) Requires the CSD to amend the program guidelines and requires the CSD to seek public input by posting, no less than 30 days before finalization of the program guidelines, the draft program guidelines on the department's public internet website and by holding a public hearing on draft program guidelines with notice of the hearing published prominently on the department's public internet website no less than 10 days before the hearing.
- d) Requires the CSD to assist local service providers in maintaining full compliance with these provisions and with the LIHWAP contract requirements and program guidelines.
- e) Authorizes the department to use all available means to terminate a local service provider's designation to administer LIHEAP funds for failure to administer LIHWAP funds pursuant to these policies and in accordance with LIHWAP contract requirements and program guidelines.

- f) Requires the department to work with local service providers to facilitate the release of supplemental funds to provide outreach, intake, and delivery of financial assistance for water and wastewater services to eligible households.
  - g) For taxable years beginning on or after January 1, 2022, and before January 1, 2027, excludes from gross income any amounts of financial assistance received by an individual taxpayer pursuant to the 2022 California Low Income Household Water Assistance Program (Cal-LIHWAP) as described in Section 12087.3 of the Government Code. Repeals these provisions on December 1, 2027.
- 30) Establishes procedures for the state to reimburse local agencies and school districts for certain costs mandated by the state, pursuant to the California Constitution.
- 31) Provides that with regard to certain mandates no reimbursement is required by this act for a specified reason.
- 32) Provides that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made.
- 33) Declares that because moneys from the General Fund are continuously appropriated to defray a portion of county aid grant costs under the CalWORKs program, this bill would make an appropriation for the maximum aid payments increase.
- 34) Declares that this bill is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

**Fiscal Effect:** Because moneys from the General Fund are continuously appropriated to defray a portion of county aid grant costs under the CalWORKs program, this bill would make an appropriation for the maximum aid payments increase.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 188	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	Renita Polk		

**Subject:** Developmental Services

**Summary:** Provides for statutory changes necessary to enact developmental services related provisions of the Budget Act of 2022.

**Background:** As part of the 2022-23 budget package, this bill makes statutory changes to implement the budget act.

**Proposed Law:** This bill includes the following provisions:

- 1) **Directive Authority.** Authorizes the department to adopt regulations and interim administrative program directives to implement and comply with federal home and community-based settings.
- 2) **Coordinated Family Support Services Pilot Program.** Requires the department to establish a Coordinated Family Support Services pilot program for adults with developmental disabilities that reside in the family home.
- 3) **Fair Hearing Procedure.** Requires every regional center or state-operated facility, as a condition of continued receipt of state funds, to have an appeals procedure for resolving conflicts between the regional center or state-operated facility and recipients of, or applicants for, services. Requires the appeals process to include options for an informal meeting, mediation, and a fair hearing and would prescribe requirements governing those options, including notice, timeline, and procedural requirements, and the rights and duties of the parties. Requires the establishment of an advisory committee composed of various stakeholders to assist the hearing office by providing recommendations for improvements to the process.
- 4) **Rate Acceleration.** Accelerates the timeline for rate increases approved in the 2021 Budget Act so that the next step in the rate increase schedule is implemented on January 1, 2023, instead of July 1, 2023. Requires the fully funded rate models to be implemented by July 1, 2024. Details legislative intent that the majority of specified rate increases be used to enhance wages and benefits for staff members spending a minimum of 75 percent of their time providing direct services. Beginning July 1, 2023, would require a vendor to be in compliance with home-and-community based services final rule, or implementing a corrective action plan, to be eligible for a quality incentive program.

- 5) **Research and Data Enhancements.** Allows the department to obtain unemployment insurance claim data of consumers served and expands the purposes for that information to include monitoring program operation and evaluations of the Employment First Policy. Also requires the department to submit specified data regarding children who are served by regional centers and certain social services programs to the Legislature annually.
- 6) **Family Cost Participation Program and Family Fees.** Suspends existing and new assessments and reassessments, and collections of the annual family program fee. Also requires the department to submit a report to the Legislature by February 10, 2023, to revise the Family Cost Participation Program and the annual family program fee.
- 7) **Early Start Part C to B Transitions.** Requires the department to make efforts to meet with and engage parents and legal guardians in transition-related activities. Requires regional centers and the State Department of Education to designate points-of-contact for coordinating with other agencies to transition a child and family from Part C to Part B of the federal Individuals with Disabilities Education Act. Require a service coordinator to conduct at least quarterly reviews of the individualized family service plan. Authorizes the department, in coordination with the State Department of Education to provide additional resources to families.
- 8) **Service Coordinator Ratios.** Requires specific service coordinator-to-consumer caseload ratios, including a ratio of 1 to 40 for consumers five years old or younger.
- 9) **Remote Meetings.** Extends ability to conduct meetings regarding regional center services and supports, including an individual program plan meeting, by remote communications.
- 10) **Early Start Eligibility.** Clarifies that fetal alcohol syndrome is a condition with established harmful developmental consequences for purposes of eligibility for the Early Start Program. Changes eligibility requirements to allow infants and toddlers with developmental delays in expressive and receptive communication development to be eligible for the Early Start program.
- 11) **Workforce Stabilization.** Establishes several workforce stabilization programs including a program to provide training stipends to direct support professionals, an entry-level training and internship program for individuals interested in becoming direct support professionals, and a program to provide tuition reimbursements to regional center employees seeking a degree or certification in a health or human services field. Requires internships to be made available no later than June 1, 2023. Allows tuition reimbursement to be available for the 2022-23 through 2024-25 fiscal years. Requires the department to seek input from stakeholders to develop the programs.
- 12) **Remote Services and Supports Pilot Project.** Requires the department to develop a pilot project to test the feasibility of remote consumer services and supports that use technology solutions. Also requires the department to report to

the Legislature during quarterly briefings on the progress of this pilot and to submit a final evaluation report to the Legislature no later than January 10, 2026.

- 13) **Safety Net Plan.** Requires the department to update its safety net plan by January 10, 2023. Requires the plan to evaluate the department's progress in creating a safety net, provide data on special incidents involving restraints, and provide information on the department's strategic planning process. Also requires the department to provide quarterly updates to the appropriate fiscal and policy committees on the Legislature and to make quarterly updates to the plan on its internet website.
- 14) **Tailored Day Services.** Requires a consumer's individualized service design requirements for tailored day service to be developed using a person-centered planning process. Requires the regional center to vendor services wishing to offer a tailored day service option at an hourly rate calculated as specified, beginning July 1, 2022. Requires the department to review, in coordination with stakeholders, the implementation of the new rate and recommendations on modifying the scope of the service or establishing a rate model specific to the services. Requires the department to provide an update to the Legislature no later than January 10, 2024.
- 15) **Half Day Billing.** Repeals the requirement to bill for services in terms of half days or full days, effective July 1, 2022.
- 16) **Alternative Nonresidential Services.** Authorizes a provider of nonresidential services to utilize Alternative Nonresidential Services, as authorized in a specified directive of the department, to meet a consumer's service needs until December 31, 2022.
- 17) **Quality Assurance Instrument Contracting.** Exempts contracts to implement a quality assurance instrument to assess consumer and family satisfaction, personal outcomes, and cultural competency from specified contracting requirements until there is more than one available assessment that meets statutory requirements.
- 18) **Canyon Springs Admissions.** Extends the deadline for the prohibition of admission to Canyon Springs Community Facility from June 30, 2022 to June 30, 2023. Requires clinical staff to make monthly monitoring visits, and conduct monthly calls with regional centers to update transition planning for individuals admitted to Canyon Springs under specified circumstances. Also requires an initial transition plan to be completed within 60 days of admission and a transition review meeting 45 days before transitioning individuals from the facility.
- 19) **Complex Needs Data.** Requires Institutions for Mental Disease that have admitted consumers to make quarterly reports to the department regarding specified consumer information, including age, race, and ethnicity.
- 20) **Work Activity Pilot.** Requires the department to establish a three year pilot program that focuses on competitive integrated employment, postsecondary education, and career readiness for individuals exiting work activity programs or

secondary education. Requires the department to develop the pilot in consultation with stakeholders.

- 21) **Financial Management Services Cost for the Self-Determination Program.** Requires regional centers to pay the full costs of a Self-Determination Program participant's financial management services provider.
- 22) **Extension of Self-Determination Program Report.** Extends the deadline for the State Council on Developmental Disabilities to submit a report to the Legislature related to the program from December 31, 2022, to June 30, 2023.
- 23) **Fairview Developmental Center (FDC).** Authorizes the department to enter into an agreement with the city of Costa Mesa for the city to develop a plan for the FDC property. Requires that housing be a priority in the planning process and that the city provide quarterly reports to the department describing the progress of the planning process.

**Fiscal Effect:** Provides an appropriation of \$3.5 million General Fund to the Department of Developmental Services for allocation to the City of Costa Mesa to facilitate the disposition of the Fairview Developmental Center property.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 189	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	Anita Lee		

**Subject:** General Government

**Summary:** This bill makes necessary statutory changes to implement the general government provisions of the Budget Act of 2022.

**Proposed Law:** This bill makes the following statutory changes:

- 1) **Office of Community Partnerships and Strategic Communications:** Establishes the Office of Community Partnerships and Strategic Communications as a new office within the Governor's Office of Planning and Research that will conduct outreach activities, manage relationships with community-based organizations and other stakeholders to assist in those outreach activities, and coordinate and oversee priority statewide communications campaigns, such as those related to COVID-19 vaccination efforts.
- 2) **Excluded Employees.** Clarifies that employees at the office of the Secretary of the Government Operations at the Government Operations Agency are considered excluded employees.
- 3) **Chief Equity Officer.** Establishes the Chief Equity Officer at the Government Operations Agency, and specifies various duties of the officer.
- 4) **Horse Racing Board.** Authorizes the board to enter into agreements within the federal Horseracing Integrity and Safety Authority and any other entity that is responsible for administrating the Federal Horseracing Integrity and Safety Act of 2020. Additionally, authorizes the board, on behalf of the authority, to collect and remit fees assessed by the authority, as specified.
- 5) **California Department of Technology (CDT) Services.** Requires CDT to reassess the formal rate methodology and relevant policies and procedures, as specified, for state data center services. The bill requires CDT to submit a report to the Joint Legislative Budget Committee (JLBC) by April 1, 2023 and annually until August 1, 2025.
- 6) **Middle Mile Broadband Network.** Specifies that it is the intent of the Legislature to appropriate a total of \$550 million General Fund in 2023-24 and 2024-25 to support the middle mile broadband network. Specifies that the funds shall not be available until CDT provides a report the JLBC on specified information about the network.

Additionally, the bill requires annual reporting on updates, as specified for the project until January 1, 2026.

- 7) **Office of Administrative Hearings.** Specifies that proceedings at a hearing may be recorded electronically if a stenographic reporter is unavailable and upon finding of good cause by the administrative law judge.
- 8) **State Capitol Building Annex.** Amends existing law and specifies that it is the intent of the Legislature that the State Capitol Building Annex project be cash funded, and that all work performed shall be executive and managed by the Joint Rules Committee. The bill requires the Department of General Services to provide counsel and advice to the Joint Rules Committee for this purpose.
- 9) **Seismic Retrofit.** Establishes the Seismic Retrofitting Program for Soft Story Multifamily Housing and its associated housing fund and subsidiary account to provide financial assistance to owners of multifamily housing for seismic retrofitting that have been determined to be at risk of collapse in earthquakes. Prioritizes financial assistance to benefit communities with high social vulnerability and communities with high concentrations of soft story multi-family housing or in areas of high seismicity.
- 10) **Regulation Copies.** Repeals the requirement for state agencies to deliver six hard copies of regulations to the Office of Administrative Law at the time of transmittal for filing a regulation or order of repeal.
- 11) **California Law Revision Commission.** Authorizes local governmental entities to give the Committee on Revision of the Penal Code within the California Law Revision Commission full information and reasonable assistance in any matters of research, or data within their knowledge or control.
- 12) **Assessors IT Grant Program.** Establishes the County Assessor's Grant Program from July 1, 2022, to June 30, 2025 and provides for a grant program to meet the information technology needs of county assessors in administering the property tax system.
- 13) **State Controller Payroll System.** Requires the State Controller's Office (SCO), in consultation with the California Department of Human Resources (CalHR), to submit a report to each of the relevant budget subcommittees of the Legislature on the proposed California State Payroll System (CSPS) information technology (IT) project, by February 1, 2023. The reports shall include a summary of project planning, governance plans, engagement with other state agencies, business processes, risks, and other issues.
- 14) **Office of Civil Rights.** Changes the name of the Department of Fair Employment and Housing to the Civil Rights Department under the direction of an Executive Director known as the Director of Civil Rights. Changes the Fair Employment and Housing Council to the Civil Rights Council and makes conforming changes. Specifies that the department is acting in the public interest in bringing civil actions forward.

- 15) **State Workforce Demographic Data Collection.** Includes provisions stating that on or after January 1, 2024, the State Controller's Office, to the extent the State Controller's Office has completed the functionality necessary, and the Department of Human Resources (CalHR), when collecting demographic data as to the ancestry or ethnic origin of persons hired into state employment, shall establish and include new demographic categories for the collection of data pertaining to the ancestry or ethnic origin of African American employees. The collection of this data continues CalHR's duties to maintain statistical information necessary for the evaluation of equal employment opportunity and upward mobility within state civil service.
- 16) **Office of Tax Appeals.** Allows non-attorney administrative law judges to hear tax appeals, and makes conforming changes, including repealing the process for closed hearings.
- 17) **Victims Compensation Board.** Increases victim compensation benefit limits for crime scene cleanup costs (\$1,000 to \$1,700), funeral/burial costs (\$7,500 to \$12,800), and relocation claims (\$2,000 to \$3,400).
- 18) **Gambling Control Commission Annual Licensing Fee.** Repeals the existing fee structure for application licensing fees at cardrooms, and authorizes the commission to adopt a fee schedule pursuant to regulation, but not to exceed \$1,200, as specified. The fees shall be limited to the reasonable regulatory expenditure of the department and commission for their activities, as specified. The bill also includes biennial reporting requirements on the fees, description of how the fees were established and calculated, among others.
- 19) **Subvention Definition.** Specifies that, commencing with the 2021-22 fiscal year, the state's subventions to local governments (an exclusion from appropriations subject to limitation pursuant to Article XIII B of the California Constitution) include money provided to a local agency from various specified state programs. Further specifies that such funds shall be included within the Article XIII B appropriations limit of the recipient local agency, but only up to that local agency's appropriation limit. Specifies that any portion of those funds received by the local agency that exceeds its appropriations limit shall be calculated and included within the state's appropriations limit.
- 20) **Bagley-Keene Open Meetings Act Teleconferencing.** Authorizes state entities to hold public meetings, subject to specified notice and accessibility requirements, through teleconferencing and making public meetings accessible telephonically or otherwise electronically to the public, as specified. The bill also sunsets these provisions on July 1, 2023.
- 21) **SB 241 (Umberg), Chapter 241, Statutes of 2021 Technical Fixes.** Existing law authorizes an entity that is not a shorthand reporting corporation, wherever incorporated in the United States, to engage in specified acts related to shorthand reporting if certain criteria are met. This bill makes technical changes to clarify the definition of those entities.

22) **Fiscal Trigger.** Specifies programs prioritized for additional General Fund spending beginning in 2024-25 are dependent on a fiscal determination being made that resources are available to support that spending in spring 2024.

23) **Technical Adjustments.** The bill also includes other clarifying, technical and conforming changes necessary to implement the provisions of the Budget Act of 2022.

**Fiscal Effect:** This bill increases the victim compensation limits. By authorizing an increase in the amount of expenditures from a continuously appropriated fund, this bill would make an appropriation.

This bill also reduces amounts subject to the state's Article XIII B appropriations limit by approximately \$10 billion per year commencing in 2021-22, which results in a like amount becoming subject to recipient local agencies' appropriations limits.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 191	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 24, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	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 2022.

**Proposed Law:** This bill makes various statutory changes to implement the labor, workforce, and employment provisions of the 2022-23 budget. Specifically, this bill:

- 1) **Women in Construction Priority Unit.** Requires the Department of Industrial Relations (DIR), upon appropriation by the Legislature, to establish a Women in Construction Priority Unit to coordinate and help ensure collaboration across DIR's subdivisions and maximize state and federal funding to support women and nonbinary individuals in the construction workforce. To assist with the establishment of this new unit, requires the director of DIR by July 1, 2023, to convene an advisory committee to make recommendations to advance the unit's objectives. Requires the advisory committee to be composed of representatives from recognized or certified collective bargaining agents representing construction workers, labor-management groups, construction industry employers or employer associations, state government departments, and non-profit stakeholders. Outlines the duties and responsibilities of this unit.
- 2) **California Youth Apprenticeship Program.** Establishes the Youth Apprenticeship Grant Program, becomes operative and implemented only upon appropriation of funds from the Legislature. Requires the Division of Apprenticeship Standards (DAS) to administer the program, which would provide grants for the purpose of providing funding for existing apprenticeship and preapprenticeship programs or to develop new apprenticeship and preapprenticeship programs to serve the target population and satisfy the goals and objectives of the grant program, as specified. Defines "target population" as individuals from 16 to 24 years of age who are at risk of disconnection or are disconnected from the education system or employment, unhoused, in the child welfare, juvenile justice, or criminal legal systems, living in concentrated poverty, or are facing barriers to labor market participation. "Target population" includes youth who face chronic opportunity educational achievement gaps, attend schools in communities of concentrated poverty, or attend high schools with a negative school climate.

Authorizes the grant funds to be used for eligible purposes. Requires grant proposals to include, among other things, the knowledge, experience, and capacity to provide services to the target population, as defined, and the industries and career pathways

targeted. Requires the program to collect, analyze, and report specified program data on race, gender, income, rurality, ability, foster youth, homeless youth, English language learner, and other key characteristics. Requires the Division of Apprenticeship Standards to monitor and audit grant recipients to ensure compliance with policies, procedures, and requirements for use of the grant funds. Requires the Chief of the Division of Apprenticeship Standards to convene a committee to develop recommendations, of specified topics, to DAS on the expansion of youth apprenticeships in California

- 3) **Apprenticeship Innovation Funding Program.** Establishes the Apprenticeship Innovation Funding Program, which becomes operative and implemented only upon appropriation of funds by the Legislature. Requires the Division of Apprenticeship Standards (DAS) to administer the program, which provides grants, reimbursements, or other funding for the support of an apprenticeship program or training of apprentices. Authorizes an apprenticeship program or eligible entity, as specified, to submit an application to the DAS to request funds in a manner specified by the DAS. Identifies specified entities that have registered apprentices with the DAS as “eligible entities,” including public educational institutions, labor organizations, and industry associations, among others. Authorizes the DAS, upon application of an apprenticeship program or eligible entity, to provide support funds to organize, run, and sustain an apprenticeship program in an amount determined by the DAS and specifies factors to be considered by the DAS in determining the amount. Specifies eligible activities for using support funds, including employer outreach, support, onboarding, and management, among others. Authorizes DAS to provide training funds either directly to public educational institutions for the training of apprenticeships or to apprenticeship programs that meet specified criteria, and specifies eligible activities for using training funds, including development of courses and classroom instruction, among others.
- 4) **Displaced Oil and Gas Worker Fund.** Establishes, until July 1, 2027, the Displaced Oil and Gas Worker Pilot Program, to be administered by the Employment Development Department (EDD), for the purpose of addressing employment dislocations associated with oil, gas, and related industries. Requires EDD, using funds to be appropriated by the Legislature for purposes of the program, to award grants on a competitive basis to qualified applicants, including public and private nonprofit organizations and local workforce development areas, among other entities, for specified eligible activities, including labor market information, career exploration activities, and high school diploma and GED acquisition. Requires EDD to develop criteria for the selection of grant recipients, including an organization’s experience in providing services, consistent with the objectives of the program, to the target population. Establishes criteria for the evaluation of grant recipients, including the ability of individuals to transition into or be integrated into the broader workforce and education system. Requires a grant recipient to provide necessary information to EDD for purposes of monitoring program performance measures and to participate in grant technical assistance and evaluation.
- 5) **Proposition 2 Supplemental Pension Payment.** Appropriates \$2.9 billion in one-time Proposition 2 debt repayment funding in 2022-23 to further reduce the unfunded liabilities of the California Public Employees’ Retirement System (CalPERS) state plans.

- 6) **Labor Relation Officers.** Increases the number of labor relations officers that the Governor is authorized to appoint to 12. Prohibits the additional two appointments from resulting in an increase in the authorized expenditures of the Department of Human Resources.
- 7) **Local Data Sharing.** Authorizes the Employment Development Department to exchange information with federal, state, or local governmental departments and agencies that are concerned with the administration of unemployment or disability insurance, and with other federal, state, or local departments or agencies of government as necessary for the administration of provisions relating to unemployment and disability compensation
- 8) **Unemployment Insurance Eligibility Determination Notices.** Existing law requires EDD to serve various notices, including a notice of determination of eligibility for benefits, personally or by mail. This bill, instead, authorizes EDD to serve notices personally, electronically, by mail, or in any other manner EDD elects. Specifies that service is deemed completed on the date on which the notice is sent, mailed, or emailed, unless a notice is personally served, in which case service is deemed completed on the date on which the notice is delivered.
- 9) **New Employee Orientation.** Until June 31, 2025, requires that an exclusive representative be entitled to schedule an in-person meeting at the worksite during employment hours, if a public employer has not conducted an in-person new employee orientation within 30 days, as specified. Requires that newly hired employees be relieved of other duties in order to attend the meeting, during which an exclusive representative would be authorized to communicate with newly hired employees in the applicable bargaining unit for up to 30 minutes on paid time. Requires employers to provide appropriate onsite meeting space within seven calendar days of receiving a request from an exclusive bargaining representative. Authorizes an exclusive representative to schedule multiple meetings or schedule a meeting or meetings once the order is lifted or modified, if the state or a local public health agency issues an order limiting the size of gatherings or prohibiting gatherings, as specified. Generally authorizes the employer and the exclusive representative, through mutual agreement, to waive or modify these and other specified requirements.
- 10) **SB 62 (Durazo), Chapter 329, Statutes of 2021 Technical Changes.** Corrects an erroneous cross-reference contained in the provisions and makes other non-substantive changes.

**Fiscal Effect:** This bill is a budget trailer bill within the overall 2022-23 budget package to implement actions related to labor, workforce, and employment and makes an appropriation related to the Proposition 2 Supplemental Pension Payment.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 192	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 21, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	Elisa Wynne		

**Subject:** Better For Families Act

**Summary:** This budget trailer bill establishes the Better for Families Act, a framework to provide approximately \$9.5 billion of payments to low-income and middle-income Californians in order to provide financial relief for economic disruptions resulting from the COVID-19 emergency, such as the financial burdens of inflation and increasing costs for gas, groceries, and other necessities. This bill contains changes necessary to implement the 2022 Budget Act. Specifically, this bill:

- 1) Creates the Better for Families Act.
- 2) Requires the Controller to make one-time rebate payments in the applicable amount to each “qualified recipient” in the form and manner determined by the Franchise Tax Board.
- 3) Defines “applicable amount” to mean any of the following:
  - a. For spouses filing a joint return, as specified, that reported a California adjusted gross income, on the return:
    - i. \$150,000 or less, the applicable amount shall be \$700 plus an additional \$350 if the qualified recipient claimed a credit for one or more dependents
    - ii. \$250,000 or less, and more than \$150,000, the applicable amount shall be \$500 plus an additional \$250 if the qualified recipient claimed a credit for one or more dependents.
    - iii. \$500,000 or less, and more than \$250,000, the applicable amount shall be \$400 plus an additional \$200 if the qualified recipient claimed a credit for one or more dependents
  - b. In the case of an individual filing a head of household return or an individual filing a surviving spouse return that reported a California adjusted gross income:
    - i. \$150,000 or less, the applicable amount shall be \$350 plus an additional \$350 if the qualified recipient claimed a credit for one or more dependents on the return.
    - ii. \$250,000 or less and more than \$150,000, the applicable amount shall be \$250 plus an additional \$250 if the qualified recipient claimed a credit for one or more dependents.

- iii. \$500,000 or less and more than \$250,000, the applicable amount shall be \$200 plus an additional \$200 if the qualified recipient claimed a credit for one or more dependents
    - c. In the case of any individual that reported a California adjusted gross income:
      - i. \$75,000 or less, the applicable amount shall be \$350 plus an additional \$350 if the qualified recipient claimed a credit for one or more dependents
      - ii. \$125,000 or less and more than \$75,000, the applicable amount shall be \$250 plus an additional \$250 if the qualified recipient claimed a credit for one or more dependents.
      - iii. \$250,000 or less and more than \$125,000, the applicable amount shall be \$200 plus an additional \$200 if the qualified recipient claimed a credit for one or more dependents.
- 4) Defines “individual” to have the same meaning as that term is defined in Section 17005 of the Revenue and Taxation Code.
- 5) Defines “resident” to have the same meaning as that term is defined in Section 17014 of the Revenue and Taxation Code.
- 6) Defines “qualified recipient” as an individual that satisfies all of the following:
  - a. Filed a California individual income tax return on or before October 15, 2021, for the taxable year beginning on or after January 1, 2020, and before January 1, 2021.
  - b. Is a California resident on the date the payment is issued by the Controller.
  - c. Was a resident of the state for six months or more of the taxable year beginning on or after January 1, 2020, and before January 1, 2021.
  - d. Cannot be claimed as a dependent, as specified, by another taxpayer.
- 7) Specifies that qualified recipients shall not include the following:
  - a. An individual without a dependent, as defined in Section 17056 of the Revenue and Taxation code.
  - b. Files or filed their California individual income tax return using the single filing status for the taxable year described in #3(a)(i) above.
  - c. Is either of the following:
    - i. Is deceased on the date the Controller would otherwise issue the payment.

- ii. Is incarcerated, other than incarceration pending the disposition of charges, on the date the Controller would otherwise issue the payment.
- 8) Provides that in the case of a qualified recipient who files a joint return with their spouse, as specified, the qualified recipient and their spouses shall be considered one qualified recipient, and shall only receive one payment of the applicable amount.
- 9) Specifies that the Better for Families rebate payment shall not be a refund or overpayment of income taxes under Chapter 6 (commencing with Section 19031) of Part 10.2 of Division 2 of the Revenue and Taxation Code of any liability imposed under Part 10 (commencing with Section 17001) of Division 2 of the Revenue and Taxation Code.
- 10) Specifies that a Better for Families rebate payment shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for the purpose of determining eligibility of such individual, or any individual, for benefits or assistance or the amount or extent of benefits or assistance under any state or local program, as specified. Provides that with respect to a state or local program, this shall only be implemented to the extent that it does not conflict with federal law relating to the program, and that any required federal approval or waiver is first obtained for that program.
- 11) Creates in the State Treasury the Better for Families Tax Refund Fund and provides that it is continuously appropriated, without regard to fiscal year.
- 12) Authorizes the state, notwithstanding any other law, to contract with a third-party vendor for services relating to the distribution of payments for grants in a form and manner determined to expedite payment and mitigate fraud.
- 13) Exempts A Better for Families Tax Refund payment from all garnishment orders except a garnishment order in connection with an action for, or a judgment awarding, child support, spousal support, family support, or a criminal restitution payable to victims.
- 14) Requires a financial institution receiving directly from the state the above payments, to exempt those payments from any garnishment order if the payment is marked by the state as a "A Better for Families Tax Refund payment" or includes some other industry-standard unique identifier that is reasonably sufficient to allow the financial institution to identify the funds as a payment.
- 15) Requires a financial institution to identify an exempt deposit using a lookback period during an account review, when exempting a Better for Families Tax Refund payment. Requires the financial institution to perform a one-time account review consistent with the requirement as specified.
- 16) Provides that a financial institution that complies in good faith with Section 8164 of the Welfare and Institutions Code shall not be subject to liability or regulatory

action under a federal or state law, regulation, court or other order, or regulatory interpretation for actions concerning applicable payments.

- 17) Defines account review to mean the process of examining deposits in an account to determine if a benefit agency has deposited a benefit payment into the account during the lookback period.
- 18) Defines garnishment order to mean a writ, order, notice, summons, judgment, levy, or similar written instruction issued by a court, a state or state agency, or a municipality or municipal corporation, including an order to freeze the assets in an account, to effect a garnishment against a debtor.
- 19) Defines lookback period to mean the two-month period that begins on the date preceding the date of account review and ends on the corresponding date of the month two months earlier or on the last date of the month two months earlier if the corresponding date does not exist.
- 20) Complies with requirements of Section 41 of the Revenue and Taxation Code by listing the goal, purpose, or objective of the program, requiring the Legislative Analyst's Office to report no later than April 1, 2024 on the extent to which this bill's payments achieve said goals.
- 21) Provides that this shall remain in effect until January 1, 2027, and as of that date is repealed.
- 22) Requires that the tax payments authorized pursuant to Sections 8161 of the Welfare and Institutions Codes do the following:
  - a. Not be used to offset any delinquent accounts.
  - b. Not qualify as gross income.
- 23) Declares the act provides for an appropriation from the General Fund for the purposes of refunding state tax liability incurred by Californians during the 2021-22 fiscal year and is therefore not subject to the state appropriations limit set pursuant to Article XIII B of the California Constitution

**Fiscal Effect:** The provisions of this bill are projected to result in costs of approximately \$9.5 billion for the Better for the Families Tax Refund payment.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 193 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 26, 2022 Amended  
**Urgency:** Yes **Fiscal:** Yes  
**Consultant:** Elisa Wynne

**Subject:** Economic development: grant programs and other financial assistance

**Summary:** This trailer bill contains changes necessary to implement the 2022 Budget Act related to economic development

**Proposed Law:** The bill includes the following major provisions:

## **Venture Capital Program**

- 1) Establishes the Venture Capital Program within I-Bank under the Small Business Act to, among other things to the extent permissible, acquire contract rights, or make loans with respect to investment funds, investment fund management companies, special purpose investment vehicles, trusts, nonprofit entities, small businesses, and other private business entities.
- 2) Requires the Governor to appoint a deputy director for the program.
- 3) Authorizes the fund to be used to make loans, guarantees, and other financial products that may be provided under the program.
- 4) Exempts specified records regarding alternative investments in which the venture capital program invests from the disclosure requirements under the California Public Records Act. Makes a finding consistent with existing constitutional provisions that requires that a statute that limits the rights of access to the meeting of public bodies or the writing of public officials and agencies.

## **California Regional Initiative for Social Enterprises Program**

- 5) Establishes the California Regional Initiative for Social Enterprises Program within the California Office of Small Business Advocate (CalOSBA) to provide financial and technical assistance to employment social enterprises for purposes of accelerating economic mobility and inclusion for individuals that experience employment barriers.
- 6) Creates a competitive grant program to provide grants through June 2024, to employment social enterprises within the state of not more than \$500,000 per grantee. Preferences for grants shall be given to areas of the state with characteristics similar to the Inland Empire and the Central Valley, and are led by individuals with lives experience, such as incarceration, homelessness, or substance abuse.



- 7) Grants shall be accompanied by technical assistance, throughout the grant period for purposes of growing social enterprises and underserved business groups that face capital and opportunity gaps. Technical assistance shall be up to 30 percent of the grant amount, awarded in addition to the grant, and provided by a designated fiscal agent who meets eligibility requirements.
- 8) Specifies requirements for the grant and designation of fiscal agents to administer the program.

**California Small Business COVID-19 Relief Grant Program**

- 9) Redefines certain definitions of the California Small Business COVID-19 Relief Grant Program including expanding the definition of “qualified small business” to include divisions or departments of tribal governments, cities, and counties, fiscally sponsored organizations, and organizations with an annual gross revenue of up to \$5,000,000, and would additionally define new terms.
- 10) Requires any qualified small business, as defined, to provide an affidavit from the board or authorizing official, as specified.

**California Nonprofit Performing Arts Grant Program**

- 11) Repeals the program on June 30, 2023 instead of June 30, 2022.

**California Microbusiness COVID-19 Relief Grant Program**

- 12) Repeals the program on June 30, 2023 instead of June 30, 2022, and makes conforming changes to the program.

**California Venues Grant Program**

- 13) Adds specified performing arts and recreation businesses to the list of types of businesses, classified under the North American Industry Classification System, eligible for the program.
- 14) Adds various classifications under the National Taxonomy of Exempt Entities related to art, culture, and education to the list of types of businesses eligible for the program including small theaters as defined.
- 15) Specifies that an eligible independent live event does not include entities that demonstrate a percentage gross earned revenue decline in California of less than 30 percent, based on a reporting period comparing specified quarters of 2020 to 2019.
- 16) Requires an eligible venue to also be one of the 3 highest revenue grossing entities, locations, or franchises associated with the applicant.

**California Small Business Development Technical Assistance Expansion Act of 2022**

- 17) Renames the act to the California Small Business Development Technical Assistance Act of 2022, and makes conforming changes for that purpose.
- 18) Requires the office to provide grants to nonprofit small business technical assistance centers that are not administered by or primarily funded by federal agencies.
- 19) Requires the applicant to demonstrate the ability to fully draw down substantially all private funds available to it.
- 20) Removes the January 1, 2024, repeal date, thereby extending operation of the act indefinitely.

**Local Government Budget Sustainability Fund**

- 21) Creates the Local Government Budget Sustainability Fund to provide grant funding for project support for county governments with a goal of providing opportunities for revenue stability.
- 22) Requires Go-Biz to develop criteria for the selection of grant recipients and imposes various requirements on applicants, including limiting applicants to county governments in high-unemployment and high-poverty areas, as specified, and requiring grant recipients to meet with GO-Biz at least bimonthly to evaluate project progress.
- 23) Specifies criteria for evaluation and prioritization of grants and specifies eligible activities for grant funds.
- 24) Repeals this program on June 30, 2028.

**California Containerized Ports Operability Grant Program**

- 25) Requires GO-Biz to establish the program to provide grant funding to specified ports in California for the purpose of improving interoperability among containerized ports in California and would establish criteria for determining grant awards.
- 26) Requires GO-Biz to submit specified reports on the grant program to the Legislature and repeals its provisions on January 1, 2026.

**Local Government Immigrant Integration Initiative**

- 27) Establishes the Local Government Immigrant Integration Initiative and requires GO-Biz to administer competitive grants to local governments to develop or expand local immigrant integration initiatives according to specified grant criteria,

and prioritization of equitable distribution of funds across local government jurisdictions.

- 28) Specifies that grants may be used for, among other things, funding immigrant integration focused positions and services.
- 29) Requires grantees to collaborate with one another and would prohibit local governments from using the funding award to replace existing funding or required services and specifies that information that may be collected from individuals participating in the new services and would not constitute a public record subject to disclosure, as specified.
- 30) Makes a finding consistent with existing constitutional provisions that requires that a statute that limits the rights of access to the meeting of public bodies or the writing of public officials and agencies.
- 31) Requires GO-Biz to administer competitive grants to eligible service providers, as specified, to develop export training programs and curriculum aimed at underserved business owners, including immigrant entrepreneurs, and small business operators.

### **California Competes Grant Program**

- 32) Authorizes GO-Biz to consider, when determining whether to enter into a written agreement with a grantee, for the 2023–24 fiscal year, and each fiscal year thereafter, the grantee’s willingness to relocate jobs into California from a state that has enacted specified laws including allowing for discrimination, and the grantee’s commitment to treating their workforce fairly and creating quality, full-time, wage and salary jobs in the state.
- 33) Authorizes GO-Biz to allocate more than 30 percent of the aggregate amount of grants appropriated in any fiscal year to one grantee if the grant will be used as a state match for the purposes of a business applying for or obtaining specified federal incentives.

### **Accelerate California Inclusive Innovation Hub Program**

- 34) Revises and recasts the California Inclusive Innovation Hub Program by, among other things, renaming the program as the “Accelerate California: Inclusive Innovation Hub Program,” and renaming an Inclusive Innovation Hub as an “Accelerate California: Inclusive Innovation Hub.”
- 35) Requires the identification of one Accelerate California: Inclusive Innovation Hub (Hub) in each Community Economic Resilience Fund region for a four-year term. Requires previously designated Hubs to be newly awarded under the Accelerate California: Inclusive Innovation Hub Program Modifies the requirements for the program to include plans to reach underserved business owners and regions, plans for long term sustainability, plans to identify and develop regionally specific industries and makes other conforming changes. Includes an annual report on activities and outcomes.

- 36) Establishes the Accelerate California Entrepreneurship Fund, to be administered by the office upon appropriation by the Legislature, to provide acceleration grants to small businesses and entrepreneurs that participate in the Accelerate California: Inclusive Innovation Hubs. Grants shall be awarded in the second year of the program.

**California Investment and Innovation Program**

- 37) Establishes the California Investment and Innovation Program, administered by the California Pollution Control Financing Authority (authority), to provide grants to enhance the capacity of community development financial institutions to provide technical assistance and capital access to economically disadvantaged communities in the state.
- 38) Establishes the California Investment and Innovation Fund and would continuously appropriate moneys in the fund to the authority to carry out program, among other things.
- 39) Requires the authority to award a grant to an eligible applicant, defined as a community development financial institution that meets specified criteria under the program, as provided.
- 40) Specifies authorized uses of grant funds, including increasing working capital for the purpose of funding services and operations that contribute to the overall community development mission of the eligible applicant, as specified.

**Fiscal Effect:** This is a budget bill within the overall 2022-23 budget package necessary to implement actions related to economic development, and provides for a continuation appropriation of funds in the California Investment and Innovation Fund.

**Support:** None on File

**Opposed:** None on File

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 194 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 25, 2022 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Elisa Wynne

**Subject:** Taxation

**Summary:** This trailer bill contains changes necessary to implement the 2022 Budget Act related to taxation, specifically, this bill:

## **Debt Interception**

- 1) Prohibits the Controller, beginning January 1, 2024, from offsetting delinquent accounts against personal income tax refunds of an individual who received the Earned Income Tax Credit or the Young Child Tax Credit. Does not apply to delinquent account for the nonpayment of child or family support.

## **Diesel Tax Pause**

- 2) Exempts the sales tax rate on diesel fuel beginning October 1, 2022, through October 1, 2023.
- 3) Requires the Department of Tax and Fee Administration, with the concurrence of the Department of Finance, to estimate on a quarterly basis, the revenues, less refunds, that would have been derived from the diesel tax pause and requires the Controller to transfer this estimated amount from the Retail Sales Tax Fund to the Public Transportation Account on a quarterly basis, on and after April 1, 2023 and before April 1, 2024.

## **Main Street Small Business Tax Credit**

- 4) Removes the limitation that the Main Street Small Business Tax Credit be claimed on a timely filed original return for taxable years beginning on or after January 1, 2020, and before January 1, 2021, for the Personal Income Tax and Corporation Tax.
- 5) Extends the repeal date for the Main Street Tax Credit from December 1, 2022, to December 1, 2026.

## **Homelessness Hiring Tax Credit**

- 6) Makes technical amendments to the Homeless Hiring Credit of 2021, including:

- a. Expanding the Homeless Hiring Tax Credit to include qualified taxpayers that employ a person who has recently received services from a homeless services provider.
- b. Allowing a continuum of care or a community-based service provider to issue re-certifications, as specified.

**California Competes Tax Credit**

- 7) Extends the California Competes Tax Credit by five years from 2022-23 to 2027-28, and limits the aggregate amount of credit that may be allocated to \$180 million for each year.
- 8) Authorizes GO-Biz to consider when determining whether to enter into a written agreement with a taxpayer beginning in 2023-24, and each year after, the taxpayer's willingness to relocate jobs into California from a state that, among other things, has enacted a law that authorizes or requires discrimination against same-sex couples or their families or discriminates on the basis of sexual orientation, gender identity, or gender expression, or a law that denies or interferes with a woman's right to choose to bear a child or to choose and obtain an abortion.
- 9) Authorizes GO-Biz to consider when determining whether to enter into a written agreement with a taxpayer whether to enter into a written agreement with a taxpayer beginning in 2023-24, and each year after, the taxpayer's commitment to treating their workforce fairly and creating quality, full-time, wage and salary jobs in the state.

**Payment Protection Program (PPP)**

- 10) Conforms to federal law by excluding from gross income any covered loan amounts forgiven pursuant to the PPP Extension Act of 2021.

**First Time Tax Abatement**

- 11) Requires the Franchise Tax Board beginning on or after January 1, 2022, to upon request by an individual taxpayer, grant a one-time abatement of a failure-to-file or failure-to-pay timelines penalty if the taxpayer was not previously required to file a California personal income tax return or has not previously been granted abatement under specified provisions, taxpayer has filed all required returns as of the date of the request for abatement, and the taxpayer has paid, or is in a current arrangement to pay all tax currently due.

**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:**

- 1) The provisions of this bill are expected to result in the following General Fund revenue losses and are assumed in the overall estimates of the 2022-23 budget package:
- 2) Late PPP conformity: \$160 million in 2021-22 and 2022-23, \$65 million in 2023-24; \$34 million in 2024-25, and \$17 million in 2025-26
- 3) First time penalty abatement: \$8.7 million in 2022-23; \$7.3 million in 2023-24 through 2026-27.
- 4) Diesel Sales Tax Pause: \$327 million in 2022-23 and \$112 million in 2023-24
- 5) CalCompetes Tax Credit: \$3 million in 2023-24, \$13 million in 2024-25, \$23 million in 2025-26 and \$33 million in 2026-27.

**Support:** None on File

**Opposed:** None on File

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 195	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022	<b>Fiscal:</b>	No
<b>Urgency:</b>	No		
<b>Consultant:</b>	Yong Salas		

**Subject:** Cannabis

**Summary:** This bill contains the necessary changes to implement provisions included in the Budget Act of 2022, which includes cannabis tax reform, relief for equity operators, and additional enforcement tools against the unlicensed cannabis market.

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

- 1) Suspends the state's cannabis cultivation tax. Maintains a 15 percent cannabis excise tax, as required by Proposition 64, until June 30, 2025. Moves collection of the excise tax from the distributor to the point-of-sale.
- 2) Requires, by July 1, 2025, the California Department of Tax and Fee Administration (CDTFA) to adjust the excise tax every two years by a rate that would generate an amount of revenue equivalent to what would have been collected from the cultivation tax.
- 3) Sets the baseline of new cannabis tax revenue for Allocation 3 entities (these entities use cannabis revenues to operate youth programs related to substance use education, prevention, and treatment, environmental programs, and law enforcement) at \$670 million in 2022-23, 2023-24, and 2024-25, which can be satisfied with tax revenues, or General Fund backfill if needed. The budget sets aside \$150 million General Fund to backfill any lost revenue.
- 4) Requires an economic report on the status of the cannabis industry by January 1, 2025.
- 5) Allows equity retailers who have received an equity fee waiver from the Department of Cannabis Control to retain 20% of the excise tax they collect.
- 6) Allows high-road cannabis employers to claim tax credits of up to \$250,000 beginning in the 2023 taxable year, for a program total of \$20 million.
- 7) Allows cannabis equity operators to claim tax credits of up to \$10,000 beginning in the 2023 taxable year, for a program total of \$20 million.
- 8) Requires cannabis businesses to enter into labor peace agreements with its employees with additional enforcement tools, and lowers the threshold of applicable businesses from 20 employees to 10 employees beginning in 2024.



- 9) Authorizes CDTFA to revoke an operator's tax permit if they fail to comply with the cannabis tax provisions. Would make illicit cannabis operators liable for the cultivation and excise tax they would have had to pay if they were operating in the legal market.
- 10) Allows state and local governments to impose civil penalties on individuals who knowingly rent, lease, or make available commercial properties to facilitate unlicensed cannabis operations
- 11) Authorizes a county counsel to file a civil action relating to unlawful water pollution and unauthorized water diversions due to unlicensed cannabis cultivation on behalf of the state.
- 12) Establishes a task force on state and local entity regulation of commercial cannabis activity to promote communication between state and local entities engaged in the regulation of commercial cannabis activity and facilitate cooperation to enforce applicable state and local laws.
- 13) Adds delivery information to track and trace by January 1, 2023. Each delivery will have a unique "trip" number assigned to it in the track and trace system and this information will be interfaced over to California Law Enforcement Tracking System for law enforcement to verify the legitimacy of a delivery. This is the first step in protecting delivery drivers from licensed retailers. It also assists delivery drivers if they interface with law enforcement while on trips.

**Fiscal Effect:** Appropriates \$10,000 General Fund in the 2022-23 fiscal year from the General Fund, and \$150 million General Fund in the 2023-24 fiscal year for the purpose of backfilling potential lost revenues and maintain baseline funding for Allocation 3 entities as described above.

**Support:** None on file.

**Opposition:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 196 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 25, 2022 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Hans Hemann

**Subject:** State employment: State Bargaining Units: agreements

**Summary:** Makes necessary statutory changes to ratify and implement a memorandum of understanding (MOU) and MOU side letters between thirteen bargaining units (BUs) and the state. The agreements cover state employees represented by thirteen exclusive employee representatives, as follows:

Service Employees International Union, Local 1000 (SEIU 1000)

- BU 1: Administrative, Financial, and Staff Services
- BU 3: Professional Educators and Librarians
- BU 4: Office and Allied
- BU 11: Engineering and Scientific Technicians
- BU 14: Printing Trades
- BU 15: Allied Services
- BU 17: Registered Nurses
- BU 20: Medical and Social Services
- BU 21: Education Consultants and Library Employees

California Department of Forestry and Fire Protection Firefighters, CAL FIRE Local 2881

- Bargaining Unit 8: California Firefighters

International Union of Operating Engineers (IUOE)

- Bargaining Unit 13: Stationary Engineers

Union of American Physicians and Dentists (UAPD)

- Bargaining Unit 16: Physicians, Dentists, and Podiatrists

American Federation of State, County and Municipal Employees (AFSCME)

- Bargaining Unit 19: Professional Health and Social Services

**Existing Law:**

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.

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

**Proposed Law:** This bill ratifies an MOU and a number of MOU side letters entered into between the state and various bargaining units, notwithstanding the requirement for the LAO to produce a fiscal analysis. Includes provisions to take effect immediately. Specifically, this measure ratifies the following:

**Memorandum of Understanding with BU 13.** This bill ratifies an MOU entered into between the state and BU 13 on June 14, 2022, represented by the International Union of Operating Engineers (IUOE), notwithstanding the requirement for the LAO to produce a fiscal analysis. The MOU agreement is, as follows:

#### Compensation

##### *Special Salary Adjustments*

- 1) Effective July 1, 2022, all classifications shall be adjusted by increasing the maximum of the salary range by 2.5%.
- 2) Effective July 1, 2023, all classifications shall be adjusted by increasing the maximum of the salary range by 4%.

- 3) Effective July 1, 2024, all classifications shall be adjusted by increasing the maximum of the salary range by 4%.

*Workforce Stability Stipend*

- 1) Employees are eligible to accrue a Workforce Stability stipend up to a maximum of \$3,000. Employees will accrue \$125 for each qualifying pay period during 6-month eligibility periods. Pay is processed in four payments of up to \$750 in January 2023, August 2023, January 2024 and August 2024.

Post-Employment Benefits

*Prefunding of Other Post-Retirement Benefits (OPEB)*

- 1) Effective the first day of the pay period following ratification by both parties, the contribution percentages will be adjusted based on the actuarially determined total normal cost. If the total normal costs increase or decrease by more than half a percent from the total normal cost contribution in effect at that time, the employer and employee contribution percentages will be increased or decreased, no sooner than July 1, 2022, to maintain a 50 percent cost sharing of actuarially determined total normal costs. The increase or decrease to the employer or employee contribution shall not exceed 0.5 percent per year.

Health Benefits

*Health, Dental, Vision*

- 1) The state's monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent of the weighted average of the basic health benefit plan premiums of the four largest enrolled basic health plans. The flat dollar amounts shall be increased or decreased as appropriate pursuant to the formula on January 1, 2023, January 1, 2024 and January 1, 2025.

Miscellaneous

*Transportation Incentives*

- 1) Effective the first day of the pay period following ratification by both parties, employees working in areas served by mass transit will be eligible for a 100 percent discount on public transit passes up to the exclusion amount provided by the Internal Revenue Service.
- 2) Effective the first day of the pay period following ratification by both parties, employees riding in vanpools or driving vanpools will be eligible for a 100 percent reimbursement of the monthly fee up to the exclusion amount provided by the Internal Revenue Service.

*Uniform Allowance*

- 1) Effective July 1, 2022, the uniform replacement reimbursement changes to an allowance and increases to \$670 per year for employees in the Department of Corrections, Department of Parks and Recreation and Department of Forestry and Fire Protection.

*Footwear Allowance*

- 1) Effective July 1, 2022, the footwear reimbursement changes to an annual allowance and is increased to \$200 for employees who are required to wear specific footwear.

Duration

- 1) July 1, 2022, through June 30, 2025

Term

- 1) Effective the first day of the pay period following ratification by both parties. The union ratification process will be completed in July 2022.

Fiscal

- 1) Fiscal Year 2022-23: \$3.4 million (\$2.4 million General Fund)

**Telework Stipend.** This bill ratifies side letters entered into between the state and bargaining units 1, 3, 4, 11, 14, 15, 17, 20, and 21 (SEIU), on April 27, 2022, BU 16 (UAPD) on June 23, 2022, and BU 19 (AFSCME) on June 23, 2022, as follows:

- 1) Approves provisions requiring the expenditure of funds for the addenda entered into by the state and BUs 1, 3, 4, 11, 14, 15, 16, 17, 19, 20, and 21.
- 2) Provides employees who are designated as remote-centered with a \$50 per month stipend to help cover expenses related to telework.
- 3) Provides employees who are designated as office-centered with a \$25 per month stipend to help cover expenses related to telework.
- 4) Provides that the stipends are retroactive to January 1, 2022 and will be provided through June 30, 2023.

**Department of Juvenile Justice (DJJ) Retention Incentive.** This bill ratifies a MOU side letters entered into between the state and bargaining units 16 (UAPD) and 19 (AFSCME).

*Background.* DJJ is scheduled for closure and dissolution by June 30, 2023. In an effort to retain and recruit employees and maintain staffing levels necessary to operate the DJJ facilities, the Administration adopted a pay differential and offered eligible

employees an initial \$5,000 incentive pay based on the qualifying months they worked during the 2021 calendar year. (\$416.66 per month).

In addition, employees will be eligible for the following pay differentials:

- 1) For non-direct-care employees, after the initial \$5,000, eligible employees can earn up to \$20,000 in pay differential. Employees will accrue remaining installments based on months worked until they are released from service by management, as follows:
  - Between one and six months after January 2022: \$5,000 (25 percent of the \$20,000);
  - Between seven to 12 months: \$10,000 (50 percent of the remaining \$20,000);
  - After 13 months: \$5,000 (the remainder of the \$20,000).
- 2) For direct-care employees, after the initial \$5,000, eligible employees can earn up to \$45,000 in pay differential. Direct-care employees will accrue remaining installments based on months worked until they are released from service by management, as follows:
  - Between one and six months after January 2022: \$11,250 (25 percent of the \$45,000);
  - Between seven to 12 months: \$22,500 (50 percent of the remaining \$45,000);
  - After 13 months: \$11,250 (the remainder of the \$45,000).
- 3) The DJJ employees represented by eleven other bargaining units – BUs 1, 3, 4, 6, 10, 12, 13, 15, 17, 18, and 20 – also signed side letters and are eligible for the retention stipend and pay differential. The funds for the associated expenditures for these eleven BUs is appropriated in SB 164 and DOF estimates the one-time cost for 2022-23 is \$51,646,000.
- 4) DOF estimates that current year costs for the pay differential for all eligible employees in 2021-22 is \$3,090,000. These costs were absorbable within existing resources in 2021-22.

This measure enacts the following:

- 1) Approves provisions requiring the expenditure of funds for the side letters entered into by the state and BUs 16 and 19.
- 2) Ratifies the side letters signed by BU 16 on May 17, 2022 and BU 19 on May 12, 2022 providing eligible employees with the DJJ Retention Incentive Pay Differential.
- 3) Appropriates \$2,177,221 General Fund for expenditure in the 2022–23 fiscal year for the purpose of state employee compensation.

**Special Salary Adjustment (SSA) Extension.** This bill ratifies a side letter to an MOU entered into between the state and BU 8 on June 15, 2022, represented by California

Department of Forestry and Fire Protection Firefighters, CalFIRE Local 2881, as follows:

- 1) Removes the July 1, 2022 sunset on a special salary adjustment of 2.62% for specified employees and Specialty Classes that work for CalFIRE.
- 2) Appropriates \$20,909,930 (\$9,525,728 General Fund) for expenditure in 2022-23 for the purpose of state employee compensation, as provided.

**Special Salary Adjustment (SSA) – Coastal Program.** This bill ratifies a side letter agreement entered into between the state and BU 1 (SEIU) on June 10, 2022 to address pay disparity between the Coastal Program Series and the Environmental Planner Series within BU 1.

The side letter provides the Coastal Program Analyst classification with a special salary adjustment of approximately 10.25%.

Prior to 2016, the Coastal Program Series and Environmental Planner Series were tied; however, the Coastal Program Series was unintentionally left behind by an SSA for the Environmental Planner Series. According to the Administration, the disparity results in significant turnover and lack of retention.

This measure appropriates \$891,716 ongoing (\$684,104 General Fund) for the purpose of state employee compensation, as provided.

**Fiscal Effect:** This bill appropriates \$59,535,000 (\$33,305,000 General Fund) to implement the MOU and all of the side letter agreements as described above.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 197	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	James Hacker		

**Subject:** Housing

**Summary:** This bill contains the statutory changes necessary to implement the various housing-related provisions of the Budget Act of 2022.

**Proposed Law:** This bill makes the following statutory changes:

1. **Regional Housing Needs Assessment.** This bill would grant a local government three years and 120 days from the statutory deadline for the adoption of its statutorily-required housing element to complete the required rezoning of sites to comply with that housing element if (A) the statutory deadline for adoption of the 6th revision of the housing element was in the 2021 calendar year, (B) the local government failed to adopt a housing element that the Department of Housing and Community Development found to be in substantial compliance with specified requirements, and (C) the local government adopts its 6th revision of the housing element that the department finds to be in substantial compliance within one year of the applicable statutory deadline.
2. **Pro-housing Policies.** This bill would allow certain emergency regulations created to define pro-housing policies to remain in effect until permanent regulations, which are currently working through the regulatory process with the Office of Administrative Law, go into effect. Absent this language these policies would expire in September, whether or not new regulations have been approved.
3. **Encampment Resolution Program.** This bill would make several changes to the Encampment Resolution Program established in the 2021 budget. Specifically, it would:
  - a) Make certain changes to the existing program to allow for additional rounds of funding, upon appropriation by the Legislature, with a specified timeline for program implementation upon funds being made available.
  - b. Requires that the Interagency Council on Homelessness prioritize funds with each new round for projects that previously qualified but did not receive an award due to a lack of available funds.



- c. Allows the Council to award funding for grants to address homeless encampments on state rights of way.
  - d. Requires the Council to award remaining funds based on the following criteria:
    - i. The applicant's capacity to carry out the proposal.
    - ii. Whether the site selected for services aligns with the proposed service delivery model.
    - iii. Whether the demographics and needs of service recipients align with the proposed service delivery model.
    - iv. The applicant's ability to develop a detailed service delivery plan, including a description of how individuals will be served with permanent housing solutions.
    - v. The applicant's ability to coordinate with other systems to increase services and housing options.
    - vi. The applicant's capacity to involve people with lived experience and local community partners in the implementation of its project.
    - vii. The applicant's ability to recruit and deploy personnel with experience and expertise needed to support the success of their proposal.
    - viii. The applicant's ability to demonstrate a prudent and effective use of requested funding relative to the number of people it seeks to serve and the types of services to be provided in the proposal.
  - e. Requires recipients to obligate all funds within two years, expend 50 percent within two years, and spend 100 percent within four years of the program being funded.
  - f. Requires recipients to report individual, client-level data for persons served by grant funding to the council, in addition to any data reported through local Homeless Management Information System.
4. ***Building Homes and Jobs Trust Fund.*** This bill makes technical changes to the Building Homes and Jobs Act, also known as SB 2 (Atkins), Chapter 364, Statutes of 2017, to clarify that funds continuously appropriated to the California Housing Finance Agency from the Building Homes and Jobs Trust Fund are to be transferred into the California Housing Finance Fund.
  5. ***Regional Early Action Program.*** This bill would extend the deadline by which local jurisdictions that received funding under the Regional Early Action Program

would have to expend their funds from December 31, 2023 to December 31, 2024. It would also extend the date by which those jurisdictions would have to report on their uses of those funds from December 31, 2024 to December 31, 2025.

6. **Regional Housing Needs Assessment Reform Extension.** This bill would extend the date by which the Department of Housing and Community Development is required to develop a recommended improved regional housing need allocation process and methodology from December 31, 2022 to December 31, 2023. It would require the department to provide an update on this process to the Legislature no later than July 1, 2023.
7. **Portfolio Reinvestment Program.** This bill would make several changes to the Portfolio Reinvestment Program, which was created in the 2021 budget and is administered by the Department of Housing and Community Development to preserve existing state-funded affordable housing. Specifically, this bill would:
  - a. Allow the program to cover replacement reserves for given projects, making it easier to cover necessary physical maintenance and operations of the properties.
  - b. Extend eligibility for funding to projects whose affordability restrictions would expire in less than ten years. The current program caps eligibility at five years.
  - c. Allow the department to charge a monitoring fee in lieu of the required 0.42 percent per annum loan payments. The bill would allow the department to capitalize fees as necessary to ensure the financial feasibility and long-term affordability of the project.
8. **Housing Accelerator Program.** This bill would make a number of technical and clarifying changes to the Housing Accelerator Program created by the 2021 Budget Act. Specifically, this bill would allow the program to accept supplemental appropriations to continue the program, and would allow the program to cover unforeseen cost overruns or gaps in financing due to changing market conditions.
9. **Project Homekey.** This bill would make technical changes to Project Homekey to allow the Department of Housing and Community Development to administer the program on an over-the-counter basis, allowing the department to provide funding to waitlisted projects across multiple fiscal years without needing to issue a new Notice of Funding Availability.
10. **State Excess Sites.** This bill would make several changes to the Excess Sites Local Government Matching Grants Program to expand the state's ability to build affordable housing on state-owned excess sites. Specifically, this bill would:
  - a. Expand the definition of local government to include a joint powers authority, among other authorities.

- b. Permit predevelopment costs to include environmental remediation and mitigation, geotechnical assessment, and activities related to the seismic retrofitting of existing improvements and would permit development costs to include improvements associated with an adaptive reuse project.
- c. Authorize the department to award a program contribution to a selected developer in excess of \$10,000,000 when taking into consideration certain factors, including:
  - i. The size, scale, and historical uses of the site.
  - ii. The presence and condition of existing improvements.
  - iii. The availability of other replacement funding sources and the feasibility of securing that funding.

11. ***Foreclosure Intervention Housing Preservation Program.*** This bill would make several changes to the Foreclosure Intervention Housing Preservation Program, which was created in the 2021 budget to allow eligible entities to purchase properties out of foreclosure for conversion into affordable housing. The program is administered by the Department of Housing and Community Development. Specifically, this bill would:

- a. Recast the provisions requiring the department to contract with one or more fund managers to manage the program to instead require the department to grant funds to one or more fund managers to implement the program.
- b. Raise the cap on funds for administering the program from 5% to 20%, and would specify that costs to administer the program include administrative costs of fund managers to implement the program pursuant to these provisions as well as long-term monitoring costs to ensure that funded properties meet their affordability commitments.
- c. Authorize borrowers or grantees that receive funds from a loan pursuant to the program to pay operating expenses from a capitalized operating subsidy reserve.

12. ***Mobilehome Park Rehabilitation and Resident Ownership Program.*** This bill would make a number of changes to the Mobilehome Park Rehabilitation and Resident Ownership Program, which is administered by the Department of Housing and Community Development. Specifically, this bill would:

- a. Rename the program the Manufactured Housing Opportunity and Revitalization (MORE) Program.
- b. Authorize the department to make loans or grants, as applicable, for the additional purposes of reconstruction and replacement of mobilehome parks.

- c. Authorize the department to make loans from the fund to mobilehome parks to correct health and safety deficiencies and to mobilehome parks that have received a notice of suspension or revocation of their permit to operate, or do not currently have a permit to operate, in order to make necessary repairs.
- d. Specifies additional terms and conditions for these loans and grants. It requires the department to limit interest rates to no more than 3 percent per year, and requires the department to allow loan repayments to be deferred for the full term of the loan, with principal and accumulated interest due and payable upon completion of the term of the loan.
- e. Authorize the department to adopt, amend, or repeal guidelines for the administration and implementation of the program, and would exempt the adoption of the guidelines from the rulemaking provisions of the Administrative Procedure Act.

**13. *Guideline Authority for Federal Programs.*** This bill would give the Department of Housing and Community Development authority to adopt guidelines to replace existing regulations for the federal Emergency Solutions Grant program and the federal HOME program, and would provide that any guideline, rule, policy, or standard of general application employed by the department in implementing the programs, as well as the repeal of the previously adopted guidelines, are not subject to the requirements of the rulemaking provisions of the Administrative Procedure Act. This bill would also require the department to convene multi-stakeholder processes to develop the new guidelines.

**14. *California Dream for All Program.*** This bill would establish the California Dream for All program to provide shared appreciation loans to qualified first-time homebuyers. It would establish the California Dream for All Fund and continuously appropriates the moneys in the fund for the purpose of the program. This bill would set the following parameters for the program:

- a. Limits the program to providing assistance to low-and-moderate income homebuyers with the purchase of owner-occupied homes.
- b. Allows the program to provide shared appreciation loans, as well as interest rate buy downs and closing cost assistance in conjunction with first mortgage loan financing provided by the California Housing Finance Agency (CalHFA).
- c. Requires any interest earned or other increment derived from investments made from moneys in the fund to be deposited in the fund.
- d. Prohibits the state and agency from being liable beyond the assets of the fund for any obligation.
- e. Requires the CalHFA to develop a borrower education program and disclosure statement designed to provide a borrower with sufficient information to understand the terms of a shared appreciation loan

provided and requires participating lenders to provide a borrower with information to access the borrower education program and disclosure statement before making a shared appreciation loan.

**15. Infill Infrastructure Grant Program.** This bill would make certain changes to the Infill Infrastructure Grant Program of 2019 to allow it to accept funds in the budget year and future years, as well as to make other program changes. Specifically, this bill would:

- a. Specify that certain provisions of the Infill Infrastructure Grant Program of 2019 only apply with respect to the Budget Act of 2019.
- b. Recast the provisions of the grant program to allow future appropriations in the annual budget act or other bill providing for appropriation for the purposes of the program.
- c. Expand the definition of eligible applicant to include specified governing bodies of Indian reservations or rancherias and tribally designated housing entities.

**16. Housing First.** Requires specified programs administered by the Department of Corrections and Rehabilitation that fund recovery housing for parolees to identify ways to improve the provision of housing, to comply with the core components of Housing First, except as specified, and offer prescribed services to program participants, including, if a recovery housing program participant chooses to stop living in a housing setting with a recovery focus, is discharged from the program, or is removed from housing, offering assistance in accessing other housing and services options and identifying an alternative housing placement.

**17. Interagency Council on Homelessness.** Requires that members of the advisory committee and any council working group receive a per diem of \$100 for each day spent in attendance at advisory committee meetings, and requires those members to be reimbursed for traveling and other expenses necessarily incurred in the performance of official duties.

**Fiscal Effect:** This bill contains statutory provisions necessary to implement the housing provisions of the 2022 Budget Act, which contains the appropriations for these items.

**Support:** None on file.

**Opposition:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 198 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 25, 2022 As amended  
**Urgency:** No **Fiscal:** No  
**Consultant:** James Hacker

**Subject:** Transportation

**Summary:** This bill contains the statutory changes necessary to implement the various transportation-related provisions of the Budget Act of 2022.

**Proposed Law:** This bill makes the following statutory changes:

- 1) ***Transit and Intercity Rail Capital Program (TIRCP) Advance Payments.*** This bill authorizes the California Department of Transportation to advance payments to recipients of TIRCP grants when certain conditions are met. Specifically, this bill expands and clarifies the authority for Caltrans to advance funds to public agencies for transit and passenger rail projects funded by the State Transportation Improvement Program or the Transit and Intercity Rail Capital Improvement Program. This proposal would expand advance payment authority for these projects programmed in the Regional Transportation Improvement Program to phases beyond planning and environmental analysis. The bill also revises the conditions that are required to be met before the department may advance funds by, among other things, authorizing the funds to be advanced if the California Transportation Commission has allocated funds pursuant to the Transit and Intercity Rail Capital Program. The bill would require the lead applicant agency or the recipient agency to repay the amount of the funds advanced plus a specified amount of interest to the state if the department, the Transportation Agency, or another state agency charged with monitoring the stewardship of public funds makes a certain finding with regard to the use of funds available to the project. If the lead applicant agency or the recipient agency fails to repay the state, the bill would authorize the agency that makes the finding to request the Controller, Treasurer, or any other authorized state agency to demand a transfer of an amount equal to the amount paid to the recipient agency to be paid to the state or to withhold payment from future apportionments or any other funds to the recipient agency.
- 2) ***Santa Ana Build to Suit Lease.*** This bill would authorize the Department of General Services, working with the California Highway Patrol (CHP), to enter into a lease-purchase agreement for a build-to-suit office facility to replace the CHP Area Office in the City of Santa Ana.
- 3) ***Design / Build Procurement Authority.*** This bill would authorize the Department of Transportation to use the Design-Build procurement method for construction contracts on six additional projects per year in both 2022-23 and

2023-24. The department is currently limited to a maximum of ten design-build procurements statewide.

- 4) **Highways to Boulevards.** This bill would create the Highways to Boulevards program at Caltrans to provide grants to local governments to plan and implement projects to work towards the future conversion of key underutilized highways into multimodal corridors that serve existing residents by developing affordable housing and complete streets features. The program would provide 25 percent of available funds for planning activities, and 75 percent for projects. The program is designed as a complement to the federal Reconnecting Communities Pilot Program, created by the Federal Infrastructure Investment and Jobs Act, as a way to ensure that sufficient matching funds are available to compete for federal grant funds.

Eligible entities, including nonprofit organizations, community-based organizations, faith-based organizations, coalitions or associations of nonprofit organizations, local agencies, regional agencies, joint powers authorities, tribal governments, or transit agencies, would be required to partner with the department in identifying and developing projects.

For the planning grants, the program would fund:

- a) Community engagement, consultation, and leadership activities.
- b) Planning studies, needs assessments, feasibility studies, scenario planning, conceptual designs, and other planning products.
- c) Project plans and design documents needed to deliver implementation projects.
- d) Environmental review, consultation, or other efforts required under any state and federal environmental laws relating to the review or approval of an eligible project.
- e) Early action implementation plans for interim design solutions that demonstrate proof of concept for projects.
- f) Establishment of a community land trust for the development and use of excess or surplus land created by the removal, retrofit, or transformation of an underutilized highway.
- g) Other transportation and community-based transportation planning activities required to advance a specific project.
- h) Other uses as defined in the federal Reconnecting Communities Pilot Program.

For the project funding, the program would fund:

- a) Conversion or capping of an access-controlled state-operated transportation route to increase access for bicycles, pedestrians, and transit.
  - b) Conversion of a state highway serving as a main street into a multimodal surface street that allows for bicycle, pedestrian, and transit access.
  - c) A project that significantly enhances multimodal connectivity along or across a state highway without conversion or capping.
  - d) Implementation of early action implementation plans developed under the planning grant program.
  - e) Other uses as defined in the federal Reconnecting Communities Pilot Program.
- 5) **High Speed Rail.** This bill makes several major adjustments to the High Speed Rail Authority's statutory direction and authority. Specifically, this bill:
- a) States that the Legislature's intent is for the High-Speed Rail Authority to prioritize the completion of the Merced to Bakersfield segment as an important step in delivery of the full Phase 1 system envisioned by voters when they approved Proposition 1A. The bill defines the Merced to Bakersfield segment as the delivery of a useable high-speed rail line between those two cities, as well as existing federal and local commitments as of June 1, 2022 - such as the delivery of improvements to LA Union Station.
  - b) Limits the use of appropriated Proposition 1A funds to the delivery of the Merced to Bakersfield Segment.
  - c) Sets aside \$2.2 billion of the \$4.2 billion total appropriation, and requires the Authority to meet certain requirements, including the development of project milestones and review of the necessity of the additional funds by the Office of the Inspector General, before that \$2.2 billion is made available to the Authority via the Joint Legislative Budget Committee.
  - d) Creates an independent Office of the Inspector General to provide oversight and external audits of the Authority's practices. The Inspector General would be appointed by the Governor, who would choose between three nominees to the position made by the Joint Legislative Audit Committee. The Office would have the following duties and responsibilities:
    - i) Commencing with the project update report due on or before March 1, 2023, to conduct independent fiscal estimates and reviews of the High-Speed Rail Authority's plans and estimates for project advancement and make findings of the reasonableness of those plans and estimates.



- ii) Commencing with the project update report due on or before March 1, 2023, to monitor progress toward meeting the milestones toward the implementation of the successful completion of the Merced to Bakersfield segment of the project.
  - iii) To conduct audits and investigations relating to delivery of the project.
  - iv) To identify best practices in the delivery of capital projects and recommend policies to enable the High-Speed Rail Authority to adopt these practices when practicable.
  - v) To recommend policies promoting efficiency in the administration of programs and operations as part of any audit findings.
  - vi) To review the High-Speed Rail Authority process for considering proposed and executed change orders and to make any recommendations to ensure the process is appropriate for determining the merit and reasonableness of change orders.
  - vii) To review the High-Speed Rail Authority's contracts and contracting practices to determine whether they are executed consistent with state and federal laws and policies and are conducted in a fair and reasonable manner, providing the state with valued services at reasonable cost.
  - viii) To review proposed agreements to ensure that they are in the best interest of the state, the High-Speed Rail Authority's statutory mission, and state priorities.
  - ix) To review and provide comments on certain notifications and reports from the Authority to the Legislature.
  - x) To provide at least an annual report to the Legislature, and an annual update on audit findings and the Authority's efforts to mitigate any findings that require action from the Authority to address.
- e) Requires the High-Speed Rail Authority to develop milestones and schedules for the delivery of specific tasks related to the completion of the Merced to Bakersfield Segment, and to report on those milestones, and the Authority's progress towards meeting them, in their Business Plan and Project Update Reports. The specific tasks include:
- i) Completion of the 119-mile dual track segment from Madera to Poplar Avenue, which means Avenue 19 in the County of Madera to one mile north of the Tulare-Kern county line southward to north of Bakersfield, currently near Poplar Avenue.

- ii) Completion of right-of-way, planning, and advance engineering for extensions to Merced and Bakersfield.
  - iii) Completion of an agreement or agreements between the state, the San Joaquin Joint Powers Authority, the San Joaquin Regional Rail Commission, and the authority that details the role of each in planning, constructing, and funding the connection in the City of Merced.
  - iv) Completion of an agreement or agreements between the state, the San Joaquin Joint Powers Authority, the San Joaquin Regional Rail Commission, and the authority covering the planning, funding, and operation of the proposed high-speed rail services from Merced to Bakersfield and the authority and approval for the San Joaquin Joint Powers Authority to contract for the operation of the high-speed rail services.
  - v) Provision of an updated cost estimate with a stated probability level, or levels, of its ongoing contracts and for the work it is funding and managing that is required to complete the Merced to Bakersfield segment extensions.
  - vi) Completion of a funding plan that includes any additional federal funding awards for the Merced to Bakersfield segment.
  - vii) Additional milestones required for the completion of the Merced to Bakersfield segment and the full Phase 1 System.
- f) Requires the Authority to report to the relevant committees of the Legislature before taking certain actions, including:
- i) Before submitting an application for federal funding for the project. This notification would include:
    - (1) Amount of federal funding for which the Authority is applying.
    - (2) Activities for which the funding will be used, including whether the planned activities are located on the Merced to Bakersfield segment.
    - (3) The expected source and level of state matching funding required for a successful grant application.
    - (4) If there is expected matching state funding that would be spent outside the Merced to Bakersfield segment, the notification shall include an explanation of the need for the proposed spending and how it is consistent with the Legislature's stated goal of prioritizing the construction of the Merced to Bakersfield segment.

- ii) Before releasing a request for proposal for a contract that is for track and systems, leasing or procurement of trainsets, or that exceeds \$250 million in value or ten years in duration. This notification would include:
  - (1) Expected value and duration of the contract.
  - (2) Activities for which the authority will be contracting.
  - (3) How the proposed contract is consistent with the Legislature's stated goal of prioritizing the completion of the Merced to Bakersfield segment.
- g) Allows the Authority to continue to spend funds that they receive from the Greenhouse Gas Reduction Fund on activities beyond Merced to Bakersfield. This includes meeting existing commitments to local and federal funding partners as well as statewide administration and management. It allows the Authority to spend on other uses outside the Merced to Bakersfield segment, including matching federal grant funding, provided that the Authority has notified the Legislature and the Office of the Inspector General and the Inspector General has found that the proposed expenditure is consistent with legislative intent and will not meaningfully delay the delivery of a completed Merced to Bakersfield segment. This bill would limit the Authority's ability to spend GGRF funding in this way to a cumulative total of \$500 million. These limitations would expire once the Authority can show that the Merced to Bakersfield segment is fully funded, as certified by the Inspector General, meaning that the Authority has secured sufficient funding to complete the segment within the schedule laid out in the most recent Business Plan or Project Update report.
- 6) ***Climate Adaptation Program.*** This bill would establish three programs that are intended to fund activities necessary to help the state and local governments identify and fund projects to adapt transportation infrastructure to climate change. These include:
  - a) The Transportation Infrastructure Climate Adaptation Strategy Grant Program, which is designed to provide competitive grants to local agencies to plan for climate adaptation. This program would be funded via appropriation in the budget bill, and would be administered by the Department of Transportation, in consultation with other relevant departments. The program would also be eligible for federal Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) program funding, as provided by the federal Infrastructure Investment and Jobs Act. This program would fund the following types of activities:
    - i) To identify transportation-related climate vulnerabilities through the development of climate adaptation plans, including climate action

plans, hazard mitigation plans, safety elements of required general plans, and resilience improvement plans.

ii) To identify ways to incorporate transportation-related climate adaptation needs into existing transportation plans.

b) The Local Transportation Infrastructure Climate Adaptation Project Program, which would provide competitive grants to local agencies to support the development and implementation of projects adapting local transportation infrastructure to climate change. This program would be administered by the California Transportation Commission, in consultation with other relevant departments and stakeholders. It would be funded via appropriation in the Budget Act, and would be eligible for federal PROTECT funds. The commission would use the following criteria to select projects:

i) The degree of risk for recurring damage or asset failure due to climate threats.

ii) The benefits of the project to preserving or enhancing regional or statewide mobility, economy, goods movement, safety, and other benefits associated with protecting the asset.

iii) The benefits of the project to preserving or protecting adjacent communities, the environment, and other critical infrastructure.

iv) The degree to which the project incorporates environmental equity, protects vulnerable and under-resourced communities, and provides benefits to underserved communities, consistent with the California State Adaptation Strategy.

v) The guidelines may also consider, as secondary project prioritization criteria, co-benefits such as reductions in greenhouse gas emissions and vehicle miles traveled.

c) The State Transportation Infrastructure Climate Adaptation Program, which would be designed to support the planning, developing, and implementing projects adapting state transportation infrastructure to climate change. The program would be funded via appropriation in the budget bill, and would be eligible for federal PROTECT funds. It would require the department to prepare a resilience improvement plan for the state and develop a program of its top priority climate adaptation projects identified through its Adaptation Priorities Report process. The department would be required to submit a program of projects for funding to the California Transportation Commission for adoption.

7) **Freight and Goods Movement.** This bill would allow the California State Transportation Agency, in consultation with other departments, and upon an appropriation of funds by the Legislature, to offer grants or other funding mechanisms to invest in port-specific high-priority projects that increase goods

movement capacity on rail and roadways serving ports and at port terminals. This bill would set aside 70 percent of appropriated funds for projects related to the Port of Los Angeles, the Port of Long Beach, or both, with the remainder of funding available to the balance of the state. Public agencies would be allowed to partner with private operators of projects, such as freight railroads, to implement an eligible project. Project funding would not be available for projects that include automated cargo handling equipment. Eligible projects would include:

- a) Port-specific high-priority projects.
  - b) Intermodal railyard expansion and electrification.
  - c) Goods movement railway corridor capacity projects.
  - d) High-priority grade separations.
  - e) Zero-emission goods movement demonstration projects.
- 8) **Disabled Placard Program.** This bill makes changes to the Department of Motor Vehicles Disabled Placard program to require the department to compare their records to those of a national vital statistics clearinghouse, instead of the currently-used Social Security Administration's Death Master File when issuing disabled placards. This is intended to enable the department to prevent the sending of placards to deceased individuals.
- 9) **Transit Infrastructure Funding.** This bill states the Legislature's goal to provide \$2 billion per year in both 2023-24 and 2024-25 for transit and intercity rail capital projects. Specifically, it states that the goal of the Legislature is to provide each regional transportation planning agency a minimum of \$300,000, with the remainder of the funding allocated by a population-based formula. It also states that the intent is to align the uses of these funds with the uses of transit capital funding provided in the 2021-22 budget.
- 10) **State Right of Way Permits.** This bill would allow Caltrans to issue permits for the placement of advanced communications or information services on a state right of way.
- 11) **Administrative Funding.** This bill appropriates \$200,000 from the State Highway Account to the Transportation Agency for compliance and oversight activities related to federal infrastructure funding

**Fiscal Effect:** This bill contains statutory changes necessary to implement the Budget Acts of 2021 and 2022. The appropriations for these programs are contained in those two Budget Acts.

**Support:** None on file.

**Opposed:** None on file.

**END**

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 199	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	Nora Brackbill		

**Subject:** Courts

**Summary:** This bill, as part of the 2022-23 Budget package, makes the following statutory changes:

- 1) **Civil Assessment.** Includes the following statutory changes related to the civil assessment, reflecting an agreement to provide General Fund backfill through the Budget Act:
  - a) Reduces the maximum civil assessment from \$300 to \$100.
  - b) Redirects civil assessment revenue to the state instead of returning any to the courts that charged the assessment, to eliminate the incentive courts have to charge the assessment.
  - c) Expunges outstanding civil assessment debt and provides \$10 million in backfill to the courts.
- 2) **Filing Fee Waivers.** Expands eligibility for automatic waivers of filing fees by raising the income threshold from 125 percent to 200 percent of the federal poverty guidelines, and includes automatic eligibility for recipients of the California Special Supplemental Nutrition Program for Women, Infants, and Children and people who receive unemployment compensation.
- 3) **Remote Court Proceedings.** Extends remote court proceedings until January 1, 2024, with various limitations.
- 4) Requires the Director of Finance to finalize the methodology for determining per county allocations related to Chapter 257, Statutes of 2021, related to the elimination of certain criminal administrative fees.
- 5) **Technical Fixes.** Includes the following technical and clarifying changes:
  - a) Provides technical changes and clarifications related to the Judicial Council's online ability to pay tool, including specifying that trials conducted under the specified provisions are to be conducted by declaration through the online tool.

- b) Prohibits privately operated programs from imposing application or administrative fee related to work furlough and electronic home detention programs, consistent with the prohibition for publicly operated programs.

**Fiscal Effect:** The provisions of this bill are necessary to implement the requirements of the 2022-23 Budget.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 200	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 26, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	No
<b>Consultant:</b>	Nora Brackbill		

**Subject:** Public Safety

**Summary:** This bill, as part of the 2022-23 Budget Package, makes the following statutory changes:

- 1) **Division of Juvenile Justice (DJJ) Realignment.** Makes various statutory changes to facilitate the closure of DJJ on June 30, 2023, including:
  - a) Transfers the operation of the Pine Grove Youth Conservation Camp to the California Department of Corrections and Rehabilitation (CDCR).
  - b) Includes provisions to address youth under the jurisdiction of the DJJ who are dually committed to CDCR or placed in the Department of State Hospitals upon the closure of the Division of Juvenile Justice in 2023.
- 2) **Flexible Assistance for Survivors.** Establishes the Flexible Assistance for Survivors Grant Program in the Office of Emergency Services.
- 3) **Erroneous Conviction.** Makes changes to the process for disbursing erroneous conviction payments, including:
  - a) Shifts the responsibility of determining erroneous conviction compensation to the Victims Compensation Board, upon appropriation by the Legislature.
  - b) Requires the Victims Compensation Board to provide annual reporting related to the compensation provided pursuant to these provisions.
  - c) Releases the Victims Compensation Board from liability for damages for any decision on a claim pursuant to these provisions.
- 4) Requires the destruction of surrendered weapons collected by law enforcement agencies, including firearms collected through gun buyback programs, unless the firearm is evidence in a case or necessity of retention is established by certificate from a judge of a court of record or the district attorney of the county.
- 5) Adjusts the Community Corrections Performance Incentives Fund to provide two years of stable funding to adjust for COVID-19 related impacts.



- 6) Establishes the Delancey Street Restaurant Management Program in the Department of Corrections and Rehabilitation to teach marketable skills to incarcerated individuals.
- 7) Restricts certain rights of actions under Penal Code Section 2067, repeals Penal Code Section 5003.7 and adds a closure date for the California Correctional Center, and declares existing law related to Division 13 of the Public Resources Code and prison closures.
- 8) Delays the implementation date of Chapter 578 Statutes of 2019 related to criminal records to January 1, 2023 and includes a change to allow for the dissemination of convictions for which relief was granted to the Commission on Teacher Credentialing.
- 9) Reinstates limited arrest authority for Exposition Park safety and security officers appointed before March 1, 2022 who have not yet completed their required training.
- 10) **Technical Changes.** Makes varying clarifying and technical changes, including:
  - a) Authorizes the Secretary of Environmental Protections to provide grants to qualifying community-based organizations to address environmental violations that occur in or disproportionately impact disadvantaged communities and develop trainings for community based nonprofit organizations, public prosecutors, and others.
  - b) Technical changes to the Innovative Grant Program administered by the California Department of Corrections and Rehabilitation.
  - c) Technical changes to exclude all domestic violence offenses from judicial discretion for misdemeanor diversion.
  - d) Corrects an erroneous cross reference to clarify that peace officer and custodial officer personnel records relating to incidents that occur prior to January 1, 2022, are subject to the 45-day maximum disclosure deadline as of January 1, 2023, relating to Chapter 402, Statutes of 2021.
  - e) Makes various changes to Chapter 191, Statutes of 2021, including the addition of district attorneys and city attorneys to the agencies that the Attorney General is required to collect information related to anti-reproductive rights crimes from, changes the first report due date to January 1, 2025, and authorizes the Attorney General to submit these reports electronically.
  - f) Includes technical, non-substantive changes to Chapter 721, Statutes of 2021.
  - g) Includes clarifying amendments regarding youth commitments to secure youth treatment facilities and clarifies sentencing guidelines and baseline terms for youth who spend time in less restrictive facilities.
  - h) Includes technical changes that result in result in renumbering of provisions and creating a new article related to Penal Code 1170.

**Fiscal Effect:** The provisions of this bill are necessary to implement the requirements of the 2022-23 Budget.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 203	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 24, 2022 Amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Joanne Roy		

**Subject:** Public resources

**Summary:** This bill is the omnibus Resources budget trailer bill. It contains provisions necessary to implement the 2022 Budget Act.

**Proposed Law:** This bill:

- 1) **Salton Sea (technical cleanup).** Authorizes the Director of the Department of Water Resources to procure design-build contracts for public works projects in excess of \$1 million that are at the Salton Sea.
- 2) **Department of Pesticide Regulation: Pest Control: Implementation of Licensing Enhancements (technical cleanup).** Authorizes the Director of the Department of Pesticide Regulation to adopt regulations for the issuance and renewal of licenses and certificates for pest control operations. This bill requires the director, on or after January 1, 2025, to issue and renew licenses and certificates for pest control operations for a three-year period and would make various conforming changes for these purposes.
- 3) **Mercury Thermostat Collection of 2021 (AB 707) (technical cleanup).** Revises specified fee provisions to require manufacturers to pay to the Department of Toxic Substances Control an annual aggregate total not to exceed \$400,000 to cover actual and reasonable regulatory costs incurred by the department to administer.
- 4) **Green Infrastructure Projects (Urban Greening Program): Financial Assistance.** For purposes of the Urban Greening Program, defines “special district,” to mean an agency of the state, formed pursuant to general law or a special act, for the performance of governmental or proprietary functions, with limited geographic boundaries, including, but not limited to, a school district and a community college district.
- 5) **Flood Management Projects: Grant Funding (Proposition 1E): Extension of Liquidation.** Extends the liquidation date of specified flood management funding from the Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E) from June 30, 2023, to June 30, 2028, subject to certain conditions.
- 6) **State Water Pollution Control Revolving Fund: Financial Assistance.** Deletes the provision that authorizes loan forgiveness to the extent authorized by a federal grant deposited in the fund to the extent authorized and funded by that grant.

- 7) **Division of Boating and Waterways: Beach Erosion Control.** Changes the declaration of policy that the state bears half the costs of required local participation for beach erosion control projects, as specified, to requiring the state to *consider* bearing half the costs of required local participation for these beach erosion control projects, subject to the same conditions.
- 8) **CalFire: Agriculture Lands: Livestock Pass Program: Curriculum for Livestock Producers.** Extends the date from January 1, 2023 to July 1, 2023 for the State Fire Marshal to develop curriculum for livestock producers eligible for the livestock pass program.
- 9) **Steelhead Trout: Fishing Report-Restoration Card.** Extends the sunset of the operation of the fishing report-restoration card requirements from January 1, 2023 to January 1, 2025, and requires the Department of Fish and Wildlife to report to the Legislature regarding the fishing report-restoration card program's projects on or before July 1, 2023.
- 10) **Renaming Eden Landing Ecological Reserve (technical cleanup).** Revises the Budget Act of 2021 to change the proposed name of an ecological reserve from "Congressman Pete Stark Ecological Reserve" to "Congressman Pete Stark Ecological Reserve at Eden Landing." This bill requires the Department of Fish and Wildlife to implement the name change and specifies that Fish and Game Commission approval is not required to implement the name change.
- 11) **CalRecycle: Handling Fee Freeze.** Requires the per-container handling fee to be set until June 30, 2024, at an amount that is not less than the amount of the per-container handling fee that was in effect on July 1, 2021, and would set the cost-of-living adjustment for the 2022-23 fiscal year at nine percent.
- 12) **Plastic Beverage Containers: Minimum Recycled Content: Exemptions (technical cleanup).** Deletes the exemption for beverage manufacturers that have projected processing fee payments, as specified, from the requirement that the total number of filled plastic beverage containers sold by a beverage manufacturer to contain specified amounts of postconsumer recycled plastic content per year. Instead, this bill exempts from the postconsumer recycled plastic content requirement beverage manufacturers that sell or transfer a specified maximum number of plastic beverage containers to a distributor, dealer, or consumer located in the state during the calendar year for which the manufacturer is required to report the amount of virgin plastic and postconsumer recycled plastic used by that manufacturer.
- 13) **Solid Waste: Products: Labeling: Compostability: Regulations (technical cleanup).** Specifies that the regulations that the Department of Resources Recycling and Recovery is required to adopt by January 1, 2026, depending on the results of that determination, are to establish a bifurcated approach to product labeling.
- 14) **Lead-Acid Battery Recycling Act of 2016: Dealer Notice: California Battery Fee.** Revises the language required to be included in the notice or on the lead-acid

battery purchaser's receipt by increasing the stated amount of the California battery fee from \$1 to \$2.

15) **DTSC Reform (cleanup).** Makes various conforming and technical changes.

16) **State Coastal Conservancy: Climate Ready Program.** For the Climate Ready Program, deletes the reference to specified funds so that the Conservancy is required to do certain actions, such as prioritize projects that use natural infrastructure in coastal communities to help adapt to climate change, regardless of fund source.

17) **Bees: Apiary Registration Fees.** Requires the annual apiary registration fee to be an amount not to exceed \$250 and would apply the annual apiary registration fee to brokers, as defined. This provision authorizes the Secretary of Food and Agriculture to enter into contracts with counties to reimburse counties for costs incurred by the county agricultural commissioner in the administration and enforcement, as specified. Funds collected would be used for purposes such as administration, research, control of pests, and enforcement.

18) **Sustainable Groundwater Management Act: Interim Plan: California Environmental Quality Act (CEQA).** Revises the CEQA exemption for the State Water Resources Control Board to apply to actions taken by the board to designate a groundwater basin as a probationary basin and the adoption or amendment of an interim plan and specifies that the exemption does not apply to projects that would implement actions taken pursuant to an adopted interim plan.

19) **Forestry: Vegetation Management.** Revises the definition of "fire prevention activities by providing that "hazardous fuels education and vegetation management" includes specified actions such as fuel breaks, forest thinning, and reforestation. This provision also requires CalFire, on or before December 31, 2023, to post on its website certain information regarding hazardous fuel reduction and vegetation management projects for the preceding fiscal year. This provision requires CalFire to develop a standardized protocol for monitoring implementation and evaluating the ecological and fire behavior impacts from vegetation management projects undertaken by the state.

**Fiscal Effect:** The funding related to the changes in this bill is contained in the Budget Act of 2022.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 205 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 26, 2022 As amended  
**Urgency:** No **Fiscal:** No  
**Consultant:** Anita Lee

**Subject:** Energy

**Summary:** This bill makes necessary statutory changes to implement the energy related items of the 2022 Budget Act.

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

- 1) **California Arrearage Payment Program (CAPP).** Establishes CAPP at the Department of Community Services and Development to provide assistance to active utility customers with past due electricity utility bills incurred during the COVID-19 pandemic bill relief period, as specified. Establishes prioritization of issuance of assistance and allocation of funds, as specified. The bill requires a utility applicant to issue CAPP benefits to residential customers within 60 days of receiving CAPP funds. The bill specifies that that \$1.2 billion of the 2022 Budget Act shall be used for this purpose.
- 2) **Public Utilities Fixed Charge.** Repeals the existing \$10 fixed charge cap for residential investor owned utility customers. Authorizes the Public Utilities Commission (PUC) to use fixed charges for any rate schedule for residential customers, as specified. The bill requires the fixed charge to be established on an income-graduated basis with no fewer than three income thresholds, such that a low-income ratepayer would realize lower average monthly bill without making any changes in usage, as specified.
- 3) **Long Duration Energy Storage Program.** Establishes the Long Duration Storage Program at the California Energy Commission (CEC) to provide financial incentives for projects that have power ratings of at least one megawatt and are capable of reaching a target of at least eight hours of continuous discharge of electricity in order to deploy innovative energy storage systems to the electrical grid, as specified.
- 4) **Opt-in Permitting.** Allows specified clean energy projects to seek consolidated permitting at the CEC by June 30, 2029, if they adhere to specified labor standards, including the use of skilled and trained workforce, and provide community benefits, as specified.

These projects include: (1) solar photovoltaic or terrestrial wind electricity generating power plants, (2) energy storage systems, (3) electrical generating power plants using thermal energy (not fossil or nuclear fuels), (4) a discretionary project as defined, for the manufacturing, production or assembly of an energy storage system

or component manufacturing of wind or solar photovoltaic energy system or other components as specified, and (5) energy transmission lines carrying electric power from a facility in (1), (2) or (3), as specified.

This bill allows the CEC consolidated permit to replace all local, state, and federal permits, except for leases issued by the State Lands Commission and permits issued by the Coastal Commission, San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, or regional water control boards. For manufacturing facilities, the CEC permits do not replace permits issued by the local air boards of the Department of Toxic Substances Control.

This bill specifies that eligible projects must meet the requirements of an environmental leadership project and therefore will also be eligible for expedited judicial review for litigation involving CEQA, as specified.

This bill requires the CEC to be the lead agency under CEQA and do the following: (1) conduct a full Environmental Impact Report, (2) take final action on the certification within 270 days unless certain extensions apply, (3) hold several public meetings in the communities of the proposed-project, (4) consult with all Native American tribes that are associated with the geographic area of the proposed site, and (5) Find that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility, as specified.

5) **Strategic Reliability Reserve.** Establishes the Strategic Reliability Reserve (SRR) to be administered by the Department of Water Resources (DWR) to support electrical grid reliability. The bill authorizes DWR to contract for, purchase, finance or otherwise secure electrical generation to create additional capacity available during extreme energy grid events. Specifically, DWR may use the SRR:

- (1) For new energy storage systems, new emergency and temporary generators, generation facilities using clean, zero-emission fuel technology generation, and the extension of operations at existing facilities planned for retirement, as specified.
- (2) To procure additional energy for electric reliability during the summer of 2022.

The bill requires DWR to prepare a plan for its actions to invest in electric reliability for the CEC to consider and approve. The bill also requires DWR to consult with the CEC, PUC and the Independent System Operator or other applicable balancing authorities, and the California Air Resources Board when carrying out the duties of SRR.

The bill authorizes the CEC to permit the siting of facilities by DWR in implementing SRR programs, and establish an expedited review of applications. The bill requires the CEC in reviewing permitting requests to determine optimal location for resources based on electric reliability, reducing public safety power shutoffs, decreasing the use of high-emission resources and minimizing air pollution.



The bill requires the CEC when siting for emergency resources to consult with local governments on land use and Native American tribes associated with the geographic area in which DWR wishes to site emergency resources. The bill also requires DWR to fully mitigate all air emissions in the surrounding community.

The bill requires DWR to submit a report to the Joint Legislative Budget Committee starting on January 31, 2023, and in specified intervals, on expenditures related the program, among others.

- 6) **Distributed Electricity Backup Assets Program.** Establishes the Distributed Electricity Backup Assets Program to be administered by the CEC to incentivize cleaner and more efficient distributed energy assets that would serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events, as specified. Funding shall be used to support: (1) efficiency upgrades to existing power generators, and (2) deployment of new zero or low emission technologies, including but not limited to fuel cells or energy storage, at new or existing facilities.

The bill also the CEC establish program guidelines that include a loading order, as specified. The bill requires resources funded by this program to be available to respond during an extreme event to support grid reliability.

- 7) **Demand Side Grid Support.** Appropriates \$200 million to the CEC to provide payments for demand response actions, as specified, to reduce grid stresses during net peak periods.

**Fiscal Effect:** The bill allocates \$200 million one-time General Fund for Demand Side Grid Support.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 208 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 26, 2022 As amended  
**Urgency:** No **Fiscal:** No  
**Consultant:** Anita Lee and Elisa Wynne

**Subject:** Lithium

**Summary:** This bill makes necessary statutory changes enact the lithium related provisions of the 2022 Budget Act.

**Proposed Law:** This bill makes the following statutory changes:

- 1) Creates the Lithium Subaccount within the Salton Sea Restoration Fund, and continuously appropriates moneys in the subaccount to the Natural Resources Agency for restoration projects and grants for projects at or around the Salton Sea and those communities impacted by the Salton Sea's restoration and development.
- 2) Clarifies that "mining operation" includes the extraction of minerals from geothermal brine, or any other brine, including, but not limited to, a mining operation co-located or co-operated with geothermal resource facilities.
- 3) Beginning January 1, 2023, requires any person who extracts lithium from geothermal fluid, spodumene ore, rock, minerals, clay, or any other naturally occurring substance in this state to pay a lithium extraction excise tax upon each metric ton of extracted lithium carbonate equivalent, as specified. Specifies that the tax is in lieu of all county, municipal, or district taxes on lithium extraction or lithium storage, except as provided.
- 4) Requires the Controller to distribute 80 percent of the moneys in the Lithium Extraction Excise Fund to counties in proportion to the amounts of the taxes, interest, penalties, and other amounts collected for lithium extraction within each county and to deposit 20 percent of the moneys in the fund into the Lithium Subaccount described above.
- 5) Require the California Department of Tax and Fee Administration, on or before December 31, 2023, to prepare a study of replacing a volume-based tax on the extraction of lithium with an equivalent tax based on gross receipts.
- 6) Appropriates \$5,000,000 from the General Fund for allocation to the County of Imperial for specified purposes related to geothermal energy development and lithium extraction.

**Fiscal Effect:** \$5 million General Fund as specified.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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<b>Bill No:</b>	AB 210	<b>Hearing Date:</b>	June 27, 2022
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 25, 2022 As amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Elisa Wynne		

**Subject:** Early childhood: childcare and education

**Summary:** This bill is the early childhood education omnibus trailer bill, which sets the rates and policies for all Budget Act appropriations for early childhood education programs in the departments of Education and Social Services. This bill includes the 2022-23 child care pandemic response package, child care infrastructure, and policy changes to the California State Preschool Program, and General Child Care program

**Proposed Law:** The bill includes the following major provisions:

- 1) Extends the 2021-22 Budget Act actions taken during the COVID-19 pandemic to waive family fees for childcare and create hold harmless policies for the 2022-23 fiscal year, including preschool.
- 2) Increases the 2021-22 Budget Act investment in the Department of Social Services Child Care Infrastructure program with one-time \$100.5 million in federal funds child care facility renovation and repair.
- 3) Allocates \$72.34 million ongoing general fund, and \$314 million ongoing Proposition 98, for increases in rates for the California State Preschool program to provide a 1.8 adjustment factor for three year olds, a 2.4 factor for students with exceptional needs, and 1.1 factor for mental health services.
- 4) Provides an additional \$250 million one-time, to the Inclusive Early Education Expansion Program at the Department of Education.
- 5) Adopts Governor's Budget proposed changes to include a 10 percent California State Preschool set-aside for inclusive education, beginning in 2024. The inclusive preschool set-aside will begin at 5 percent in the Budget Year.
- 6) Expands eligibility for California State Preschool to families at the state median income.
- 7) Provides authority to the Department of Education to develop a tool for early learning delay identification and referral, for preschool through grade 2.
- 8) Makes various definition changes for child care programs.

**Fiscal Effect:** This bill authorizes \$100.5 million in one-time child care augmentations at the Department of Social Services; authorizes \$252 million in one-time Proposition 98 and General Fund, and \$172.34 million on-going general fund, and \$314 million ongoing Proposition 98 for California State Preschool programs and inclusive early childhood infrastructure programs in the Department of Education. This bill contains the appropriation of \$250 million one-time Proposition 98 funding for the Inclusive Early Education Expansion Program.

**Support:** None on File

**Opposed:** None on File

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 212 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 25, 2022 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Hans Hemann

**Subject:** State employment: State Bargaining Units 5, 6, 7, and 8: agreements

**Summary:** Makes necessary and conforming changes to ratify and implement memorandum of understanding (MOU) side letter agreements between four bargaining units (BUs) and the state. The agreements cover state employees represented by four exclusive employee representatives, as follows:

California Association of Highway Patrolmen (CAHP)

- Bargaining Unit 5: California Highway Patrol Officers

California Correctional Peace Officers Association (CCPOA)

- Bargaining Unit 6: Correctional Peace Officers

California State Law Enforcement Association (CSLEA)

- Bargaining Unit 7: Protective Services and Public Safety

California Department of Forestry and Fire Protection Firefighters, CAL FIRE  
Local 2881

- Bargaining Unit 8: California Firefighters

**Existing Law:**

- 1) Establishes the Ralph C. Dills Act, which requires the state to collectively bargain with the exclusive representatives of employee groups (i.e., bargaining units) - regarding wages and working conditions, and to define negotiated agreements in MOUs.
- 2) Establishes the California Department of Human Resources (CalHR) as the official representative of the Governor in all matters related to collective bargaining with state employees.
- 3) Requires that any MOU between the state and an exclusive representative be ratified by the Legislature.
- 4) Establishes the California Public Employees' Retirement System (CalPERS), which administers health and retirement benefits for state employees.

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

**Proposed Law:** This bill ratifies four side letters entered into between the state and BUs 5, 6, 7 and 8, notwithstanding the requirement for the LAO to produce a fiscal analysis. Includes provisions to take effect immediately. Specifically, this measure ratifies the following:

**Public Safety Recognition Payment.** This bill ratifies MOU side letter agreements entered into between the state and BU 5 (CAHP) on June 9, 2022, BU 7 (CSLEA) on June 15, 2022, and BU 8 (CalFIRE Local 2881) on June 23, 2022, as follows:

- 1) A one-time payment of \$1,500 to employees who have served in-person supporting the delivery of public safety during the COVID-19 pandemic.
- 2) Eligible employees must have been employed by the state on January 1, 2022, and must have remained employed by the state through July 1, 2022.
- 3) Eligible employees include seasonal firefighters employed by CalFIRE at any point between January 1, 2022 through July 1, 2022.
- 4) Appropriates \$36,955,000 one-time (\$9,779,000 General Fund) for expenditure in the 2022-23 fiscal year for the cost of the bonuses.

**Health Care Facility Retention Payment.** This bill ratifies an MOU side letter entered into between the state and BU 6 (CCPOA) on June 15, 2022, as follows:

- 1) A one-time payment of \$1,500 to employees "who have been in-person supporting the delivery of care and safety to the most acute patients during the COVID-19 pandemic."
- 2) Eligible employees must have been employed by the state on January 1, 2022, and must have remained employed by the state through July 1, 2022.

- 3) Eligible employees must be employed in a correctional facility, correctional health facility or in Statewide Transportation and were redirected to a correctional facility or a medical guarding unit.
- 4) Appropriates \$42,448,000 one-time General Fund for expenditure in the 2022-23 fiscal year for the cost of the bonuses.

**Fiscal Effect:** This bill appropriates \$79,403,000 one-time (\$52,227,000 General Fund) to implement the four side letters.

**Support:** None on file.

**Opposed:** None on file.

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# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

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**Bill No:** AB 213 **Hearing Date:** June 27, 2022  
**Author:** Committee on Budget  
**Version:** June 25, 2022 As amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Anita Lee

**Subject:** November 8, 2022, statewide general election: ballot measures

**Summary:** This bill contains statutory provisions related to elections necessary to implement the Budget Act of 2022.

**Proposed Law:** This bill makes the following statutory changes:

- 1) Makes findings and declarations that California voters will be asked to vote on a number of constitutional and statutory amendments at the November 8, 2022 statewide general election, and the importance to clearly identify those constitutional amendments proposed by the Legislature.
- 2) Requires the Secretary of State to submit Senate Constitutional Amendment (SCA) 10 of the 2021-22 Regular Session, if adopted by the Legislature, to the voters for approval at the November 8, 2022 statewide general election, and specifies that SCA 10 shall be designated as "Proposition 1."
- 3) Specifies that all other Senate Constitutional Amendments or Assembly Constitutional Amendments adopted by the Legislature during the 2021-22 Regular Session shall immediately follow Proposition 1 in numerical order.

**Fiscal Effect:** \$150,000 General Fund to the Secretary of State to prepare the state voter information guide.

**Support:** None on file.

**Opposed:** None on file.

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