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CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

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Agenda

August 29, 2022

9:00 a.m. – Senate Chamber

<u>BILL</u>	<u>AUTHOR</u>	<u>SUBJECT</u>
1) AB 179	Ting	Budget Act of 2022
2) AB 151	Committee on Budget	State Employment
3) AB 152	Committee on Budget	COVID-19 Relief: Supplemental Paid Sick Leave
4) AB 156	Committee on Budget	State Government
5) AB 157	Committee on Budget	State Government
6) AB 158	Committee on Budget	Taxation
7) AB 160	Committee on Budget	Public Safety
8) AB 185	Committee on Budget	Education
9) AB 190	Committee on Budget	Higher Education
10) AB 204	Committee on Budget	Health

11) AB 207	Committee on Budget	Human Services
12) AB 209	Committee on Budget	Energy
13) AB 211	Committee on Budget	Resources

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No:	AB 179	Hearing Date:	August 29, 2022
Author:	Ting		
Version:	August 28, 2022	As amended	
Urgency:	No	Fiscal:	No
Consultant:	Elisa Wynne		

Subject: Budget Act of 2022

Summary: This bill amends the 2022 Budget Act to reflect changes necessary to implement the budget agreement.

Proposed Law: Specifically this bill,

- 1) Makes various technical adjustments to encumbrance periods, reversions, and reappropriations in various items in the 2022 Budget Act;
- 2) Updates provisional language related to public building construction in various budget items to reflect updated construction and rental costs;
- 3) Includes provisional language clarifying the use of funding provided in the 2022 Budget Act for eviction defense.
- 4) Provides \$10 million for the Shasta County New Redding Courthouse.
- 5) Reduces court funding for Community Assistance, Recovery, and Empowerment (CARE) Act implementation activities by \$33.7 million in 2022-23 to reflect a phased implementation approach.
- 6) Specifies that \$75 million provided in the budget to the Office of Business and Economic Development is for Small Business Drought Relief Grants, however, if federal funds become available for this purpose, funds would be transferred to the General Fund or revert to the California Emergency Relief Fund.
- 7) Includes language to allow the reappropriation of \$35 million provided to the Office of Business and Economic Development in the 2021-22 budget.
- 8) Moves \$1.4 million from the State Board of Education to the Government Operations Agency to fund one-time workload related to the Holocaust Task Force.
- 9) Increases special funds appropriated for the California Traffic Safety Program at the Transportation Agency by \$678,000.

- 10) Provides \$5 million to the Health and Human Services Agency for the implementation of the CARE Act.
- 11) Makes technical changes and additions to budget provisions allowing for the reappropriation of various funds provided for in prior budget acts to the Natural Resources Agency.
- 12) Makes clarifying changes to budget bill language related to the Agricultural Land Equity Task Force at the Office of Planning and Research.
- 13) Extends the encumbrance period for certain Precision Medicine expenditures to 2029 to conform to the expected duration of the research projects adopted in the budget package.
- 14) Includes provisional language specifying \$25 million of the California Volunteers funding provided to Office of Planning and Research will be used for the Summer Youth Job Corp.
- 15) Provides \$6.4 million in reimbursement authority to the Office of Emergency Services to extend an existing contract for an operational observer, related to public safety power shutoffs, and includes provisional language requiring reporting on various data points.
- 16) Eliminates a duplicate appropriation of \$150,000 from the Mental Health Services Fund for the Department of Human Resources.
- 17) Includes provisional language authorizing the Department of Finance to augment the Secretary of State's budget to cover legal costs from the Department of Justice.
- 18) Includes provisional language outlining the expenditure of outreach funding for the California Kids Investment and Development Savings Program (CalKIDS) in the Scholarshare Investment Board budget item.
- 19) Extends the deadline for a report from the California School Finance Authority on the use of funds in the Charter School Facilities Grant Program to December 1, 2024.
- 20) Includes provisional language regarding funding in the Department of Housing and Community Development on various budget items.
- 21) Provides that, of the \$150 million provided in AB 178 for adaptive reuse, no less than 25 percent shall be for the adaptive reuse of individual sites or structures, with the remainder provided for infrastructure and capital projects to enable additional adaptive reuse projects. Of this, provides that \$15 million shall go for projects in small jurisdictions and \$90 million for projects in large jurisdictions.

- 22) Provides \$5 million for the Department of Housing and Community Development to implement policy recommendations related to indoor air temperature.
- 23) Provides \$1 million in funding for the California High Speed Rail Inspector General.
- 24) Includes \$27.3 million special fund for the California Highway Patrol San Bernardino Area office replacement project.
- 25) Includes \$847,000 federal funds for the Energy Commission for the power plant site certification and corridor designation program.
- 26) Amends the Beverage Container Recycling program item for the CalRecycle to appropriate \$233.3 million with new provisional language specifying use of the funds.
- 27) Implements a clinic workforce stabilization and retention payment program by providing \$70 million at the Department of Health Care Services, including moving funding that had been budgeted in the Department of Health Care Access and Information for that purpose.
- 28) Makes technical changes to budget provisional language for the Golden State Social Opportunity Program at the Department of Health Care Access and Information.
- 29) Allocates \$14 million for a psychiatrist loan repayment program at the Department of Health Care Access and Information, with \$7 million available for a five year service commitment at Department of State Hospitals, and \$7 million for a five year service commitment in a public behavioral health system with an emphasis on individuals with serious mental illness that are justice involved, or that are, or at risk of, experiencing homelessness.
- 30) Allocates \$5 million for clinic workforce programs at the Department of Health Care Access and Information, with \$4 million available for nurse practitioner postgraduate fellowships and \$1 million available for physician assistant postgraduate fellowships.
- 31) Removes \$10 million of CARE Court implementation funding from the Department of Aging's budget and shifts it to the Health and Human Services Agency and Department of Health Care Services, for training of volunteers, in order to be consistent with the CARE Court policy bill.
- 32) Appropriates \$57 million General Fund to the Department of Health Care Services to support county costs for implementation of the CARE Act, contingent on approval of necessary statutory changes, including \$31 million for planning and preparation activities and \$26 million specifically for the first cohort of counties implementing the act.

- 33) Allocates \$25 million General Fund from the Department of Health Care Services to the County of Santa Cruz to support the Pajaro Valley Health Care District acquisition of Watsonville Community Hospital.
- 34) Allocates \$10 million General Fund to the Department of Health Care Services to support increased eligibility for the Hearing Aid Coverage for Children Program.
- 35) Provides \$41.5 million of additional General Fund to the Department of Public Health for purposes related to the monkeypox state of emergency and includes provisional language authorizing the Department of Finance to request additional funding necessary for the State's response. Of this amount \$15.75 million supports community response to monkeypox including \$1.5 million that shall be used for grants to community-based organizations to support the administration of monkeypox vaccinations.
- 36) Allocates \$2 million General Fund to the Department of Public Health to expand access to the wraparound model of care for individuals diagnosed with amyotrophic lateral sclerosis (ALS).
- 37) Reflects additional \$3 million federal funds for Early Start at the Department of Developmental Services.
- 38) Includes \$354 million federal funds for the Department of Social Services to implement child care stipends.
- 39) Makes technical and conforming changes to Department of Education state and federal funds and provisional language.
- 40) Adjusts the expenditure authority for the State Special Schools to reflect additional funding appropriated in the 2022 Budget Act.
- 41) Removes the cap for reimbursable school meals, and clarifies that any remaining funds for school meals are directed to disaster relief payments first.
- 42) Authorizes expenditure authority of \$1.86 million from the Test Development and Administration Account, Teacher Credentials Fund for the Commission on Teacher Credentialing.
- 43) Provides \$2.19 million to the California Community Colleges for the Tauzer Gym Renovation project at Santa Rosa Junior College.
- 44) Includes provisional language specifying \$55 million included in the budget act in the Department of Industrial Relations is for the Apprenticeship Innovation Funding program.

- 45) Specifies that \$4 million provided to the Department of Technology will be allocated for a State Digital Equity Plan.
- 46) Provides the Lithium Extraction Excise Tax Fund a \$1.4 million loan from the General Fund.
- 47) Adds \$14 million for medical surge staffing at the Veterans Homes of California with provisional language allowing the Department of Finance to augment this authority subject to Joint Legislative Budget Committee notification.
- 48) Reflects an additional \$2.2 million federal funds to the Public Utilities Commission Rail Transit Safety Program.
- 49) Includes \$1 million for a Kern County redistricting commission.
- 50) Updates control section language related to the claiming of federal funds to reflect recent passage of the Inflation Reduction Act and the CHIPS Act of 2022.
- 51) Amends district priorities provided for in the 2022 budget to allow funding to be allocated. This includes programming of all available funding, designation of state and local fiscal agents, and including state administrative costs in various department responsible for allocating the funding.
- 52) Appropriates \$25 million General Fund to the Office of Planning and Research (OPR) for the Save Our Water Campaign.
- 53) Appropriates \$4 million General Fund to the Department of Water Resources (DWR) for studying salmon reintroduction.
- 54) Appropriates \$6.8 million General Fund to various departments for expediting large-scale habitat projects.
- 55) Appropriates \$24 million for watershed climate resilience.
- 56) Appropriates \$10 million to CalFire for the Forest Improvement Program for Small Farmers.
- 57) Appropriates \$2 million to the CalFire Nursery.
- 58) Appropriates \$10 million for tribal engagement in wildfire matters.
- 59) Appropriates \$13 million to CalOES for home hardening.
- 60) Appropriates \$4 million to CalFire and the University of California for land use planning and public outreach related to wildfire prevention.

- 61) Appropriates \$20 million to Department of Conservation (DOC) for regional forest capacity.
- 62) Appropriates \$5 million to CalFire for State demonstration forests.
- 63) Appropriates \$7 million to CalFire for monitoring and research.
- 64) Appropriates \$3 million for LiDAR remote sensing.
- 65) Appropriates \$4 million to the Air Resources Board (ARB) and the State Water Resources Control Board (SWRCB) for prescribed fire and water permitting.
- 66) Appropriates \$15 million to CalFire for workforce training.
- 67) Appropriates \$5 million to CalFire for transportation for woody material.
- 68) Appropriates \$2 million to OPR for market development to help address wildfire resiliency.
- 69) Appropriates \$54 million to the Department of Fish and Wildlife (DFW) and \$36 million to the Delta Conservancy for Nature-Based Solutions (NBS) Wetlands Restoration Program.
- 70) Appropriates \$200 million to the Wildlife Conservation Board for various NBS programs.
- 71) Appropriates \$70 million to state conservancies for implementation of various NBS purposes.
- 72) Appropriates \$36 million to DFW for Natural Community Conservation Program Planning and Land Acquisition.
- 73) Appropriates \$42 million to DFW and \$10 million to Santa Monica Mountains Conservancy for wildlife corridors.
- 74) Appropriates \$14 million to DOC for Climate Smart Land Management Program.
- 75) Appropriates \$2 million to Wildlife Conservation Board (WCB) for Resource Conservation Investments Strategies.
- 76) Appropriates \$38 million to the California Conservation Corps for Local and Tribal NBS Corps.

- 77) Appropriates \$70 million to the California Natural Resources Agency (CNRA) for Tribal NBS Program.
- 78) Appropriates \$7.5 million to CalRecycle for the Compost Permitting Pilot Program.
- 79) Appropriates \$2 million to CNRA for NBS Partnerships and Improvements.
- 80) Appropriates \$11 million to the State Coastal Conservancy for San Francisco Bay Wetlands Support.
- 81) Appropriates \$17 million to CalFire for Green Schoolyards (Urban Forestry).
- 82) Appropriates \$85 million to Strategic Growth Council for community resilience centers.
- 83) Appropriates \$3 million to Department of Public Health, \$8 million to Department of Industrial Relations, and \$2.8 million to Department of Social Services for extreme heat: enhanced protections for vulnerable communities.
- 84) Appropriates \$0.6 million to California Department of Food and Agriculture (CDFA) for the Animal Mortality Management Program.
- 85) Appropriates \$0.3 million to CDFA for the Origin Inspection Program.
- 86) Appropriates \$1.08 million to CDFA and \$1.08 million to Department of Pesticide Regulation for integrated pest management technical assistance.
- 87) Appropriates \$6 million to the Office of Planning and Research (OPR) for a community-based public awareness campaign as it relates to extreme heat.
- 88) Appropriates \$25 million to OPR for the Community Resilience and Heat Program.
- 89) Appropriates \$66.5 million to DWR for local assistance for the purposes of watershed climate resilience.
- 90) Appropriates \$67 million to WCB for the Cascades and High Sierra Upperwatersheds Program for purposes of watershed climate resilience.

- 91) Appropriates \$67 million to WCB for the Land Acquisition and Habitat Enhancement Program for the purposes of watershed climate resilience in Southern California.
- 92) Appropriates \$37.5 million GGRF to the Ocean Protection Council for purposes of implementation of SB 1 (Atkins) for purposes of addressing sea level rise.
- 93) Appropriates \$37.5 million GGRF to the State Coastal Conservancy for purposes of protecting communities and natural resources from sea level rise.
- 94) Appropriates \$75 million to the Department of Parks and Recreation (Parks) for the Statewide Parks Program.
- 95) Appropriates \$5 million to the State Water Resources Control Board (SWRCB) for water refilling stations at schools.
- 96) Appropriates \$90 million to SWRCB for water recycling.
- 97) Appropriates \$25 million to Parks for Outdoor Equity Grants.
- 98) Appropriates \$10 million to CNRA for Redondo Beach wetlands restoration.
- 99) Appropriates \$40 million to the Wildlife Conservation Board for San Joaquin Valley flood plain restoration.
- 100) Appropriates \$5 million to the Department of Housing and Community Development for staffing to address indoor air quality issues.
- 101) Appropriates \$5 million to CNRA for the La Brea Tar Pits.
- 102) Appropriates \$0.5 million to the California Environmental Protection Agency for the Water Energy Nexus Registry.
- 103) Appropriates \$280 million Greenhouse Gas Reduction Fund (GGRF) (out of a total of \$1.58 billion GGRF) for the Cap-and-Trade Discretionary Spending Plan, as follows:
 - a. \$50 million to the ARB for Clean Cars 4 All and other Equity Projects
 - b. \$10 million to the ARB for AB 617 implementation.
 - c. \$75 million to State Coastal Conservancy and Ocean Protection Council to address sea level rise.
 - d. \$5 million to ARB for methane satellites.
 - e. \$50 million to ARB for community air monitoring.

- f. \$20 million to ARB for lower emission boats.
 - g. \$10 million to ARB to address HFC refrigerants.
 - h. \$5 million to ARB for wood stoves.
 - i. \$10 million to CalRecycle for methane reduction for wastewater treatment.
 - j. \$10 million to California Department of Food and Agriculture (CDFA) for methane reduction using cattle feed.
 - k. \$20 million to CDFA for the Alternative Manure Management Program.
 - l. \$20 million to the California Energy Commission for CalSHAPE.
 - m. \$15 million to Department of Community Services and Development for farmworker housing in the Low-Income Weatherization Program (LWIP).
- 104) Appropriates the first year of a multi-year package of spending (total of \$391 million) from the Beverage Container Recycling Fund (BCRF), as follows:
- a. \$73.3 million (total of \$220 million spread over three years) for startup costs for recycling programs, including recycling centers, mobile recycling, reverse-vending machines, bag drop programs, high-volume counting equipment to enable “bag drop” at retail, and dealer cooperatives (which are 501c3 stewardship organizations consisting greatly of dealers that have an approved plan to provide consumer take back of beverage containers).
 - b. \$50 million for quality improvement payments (QIPs).
 - c. \$40 million for QIPs for thermoform material for PET bottle contamination reduction.
 - d. \$30 million for startup loans for processors and recyclers.
 - e. \$25 million to support a deposit return system for reusable containers (AB 962 (Kamlager), Chapter 502, Statutes of 2021).
 - f. \$10 million (total of \$20 million spread over three years: \$10 million in first year, \$7 million in second year, and \$3 million in third year) for plastic market development payments.
 - g. \$5 million for workforce development.
 - h. \$1 million to the Department of Resources Recycling and Recovery (CalRecycle) to improve its website by providing information that enables consumers to identify the geographic location of all points of redemption for beverage containers, to be updated at least once per year.
- 105) Provides \$100 million to support the Hydrogen Program at the California Energy Commission (CEC), and \$5 million to Governor’s Office of Business and Economic Development to support hydrogen hubs.
- 106) Provides \$100 million to support the Industrial Grid Support and Decarbonization Program at the CEC.

- 107) Provides \$25 million to support the Food Production Investment Program at the CEC.
- 108) Provides \$162 million to support the Equitable Building Decarbonization program, of which \$50 million is to support the TECH initiative.
- 109) Provides \$20 million to support the adoption of ultra-low-global-warming potential refrigerants.
- 110) Provides \$45 million to support Offshore Wind Infrastructure.
- 111) Provides \$100 million to support Oroville Pump Storage.
- 112) Provides \$200 million for energy transmission projects, with the first round supporting the Salton Sea region.
- 113) Provides \$50 million to support carbon removal projects.
- 114) Provides \$235 million to support zero emission vehicles and infrastructure, with \$180 million to support Clean Cars 4 All and other equity projects, \$15 million to support fueling infrastructure grants, and \$40 million to support implementation of CARBs Commercial Harbor Craft regulations.

Fiscal Effect: This bill provides an additional \$41.5 million in new funding for the monkeypox public health emergency that was not projected in the 2022 Budget Act in June. The other provisions of this bill allocate expenditures that were assumed within that budget framework for General Fund purposes.

Support: None on file.

Opposed: None on file.

Comments: This bill amends SB 154, Chapter 43 Statutes of 2022 (Skinner), the 2022 Budget Act, as amended by AB 178 Chapter 45, Statutes of 2022 (Ting), to reflect adjustments made to the Budget Act in August of 2022. These changes include appropriating funding set aside in the Budget Act in June of 2022 to allow for further discussions and negotiations. In addition, this bill contains technical changes, corrections and updates identified after the budget was adopted

-- END --

- 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 a MOUs 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 2. This bill ratifies an MOU entered into between the state and BU 2, represented by the California Attorney, Administrative Law Judges, and Hearing Officers in State Employment (CASE) on August 22, 2022 notwithstanding the requirement for the LAO to produce a fiscal analysis. The MOU agreement is, as follows:

Compensation

General Salary Adjustment and Special Salary Adjustments

- 1) Effective July 1, 2022, all BU 2 classifications shall receive a general salary increase of 2.5 percent.
- 2) Effective July 1, 2023, all BU 2 classifications shall receive a general salary increase of 3 percent.

Special Salary Adjustments

- 1) Effective July 1, 2023, the maximum salary range for the classification of Administrative Law Judge, Public Utilities Commission Administrative Law Judge and Senior Administrative Law Judge shall be increased by 4.5 percent.
- 2) Effective July 1, 2024, the maximum salary range for all classifications (except attorney level III classifications) shall be increased by 4.5 percent.
- 3) Effective July 1, 2024, the maximum salary range for the various attorney level III classifications shall be increased by 10 percent.

Administrator of the Day, On-Call Pay Differential

- 1) Effective the first day of the pay period following ratification by both parties, certain employees at the Department of Justice, and Health and Human Services Agency who are assigned to on-call status outside of normal business hours which require an immediate response will be eligible for one day's salary per on-call shift for seven consecutive days of on-call status.

Health and Welfare*Family Care Leave*

- 1) Effective July 1, 2023, BU 2 employees who are enrolled in the annual leave program will be eligible for the non-industrial disability insurance Family Care Leave program. This program provides eligible employees up to six weeks of paid leave (50% of gross salary) within a 12-month period for the care of a seriously ill family member or to bond with a newborn child, adopted child or foster care placement. Employees have the option to use their own leave credits to supplement up to a 75 or 100 percent income benefit.

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.

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

- 1) Effective 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, the employer and employee contribution percentages will be increased or decreased July 1 each fiscal year thereafter, 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.

Miscellaneous

- 1) Increased union reimbursement rates payable to the state for authorized union leave. Increases are provided each year of the contract.
- 2) During the term of this agreement, the State agrees to apply any future changes to the business and travel expense reimbursement program for excluded employees to BU 2 employees.
- 3) Effective two pay periods following ratification by both parties, the State BAR specialty and local reimbursement annual amount will be increased from \$100 to \$200.
- 4) 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.
- 5) 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.

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 no later than August 31, 2022.

Fiscal

- 1) Fiscal Year 2022-23 cost: \$25.9 million (\$6.3 million General Fund)

Memorandum of Understanding with BU 8. This bill ratifies an MOU entered into between the state and BU 8, represented by the California Department of Forestry and Fire Protection Firefighters, CAL FIRE Local 2881 on August 25, 2022, notwithstanding

the requirement for the LAO to produce a fiscal analysis. The MOU agreement is, as follows:

Compensation

General Salary Increases

- 1) Effective July 1, 2022, all BU 8 employees shall receive a general salary increase of 2.5 percent.
- 2) Effective January 1, 2023, all BU 8 employees shall receive a general salary increase of 2 percent.
- 3) Effective July 1, 2023, all BU 8 employees shall receive a general salary increase of 2 percent.

Longevity Pay

- 1) Effective the first day of the pay period following ratification by both parties, the longevity monthly pay differential will be increased by 2% for each existing tier.

Educational Pay Incentive

- 1) Effective the first day of the pay period following ratification by both parties, the educational pay incentive shall be increased from \$75 per pay period to \$150 per pay period.

Transportation Incentives and Parking Rates

- 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.

Post-Employment Benefits (OPEB)

Prefunding of Postretirement Health Benefits

- 1) Effective the first day of the pay period following ratification by both parties, the employer and employee contribution will be decreased by one percent from 4.4 percent to 3.4 percent.
- 2) Effective July 1, 2023, the contribution percentages will be adjusted based on the actuarially determined total normal cost. Adjustments to both the

employer and employee contribution percentages will occur if the actuarially determined total normal costs increase or decrease by more than half a percent from the normal total cost contribution percentages in effect at the time. If it is determined that an adjustment to the contribution rate is necessary, commencing no sooner than July 1, 2023, and July 1 of each fiscal year thereafter, the employer and employee contribution percentages will be increased or decreased to maintain a 50 percent cost sharing of actuarially determined total normal costs. Furthermore, the increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent per year.

Health Benefits

Improving Affordability and Access to Health Care

- 1) Effective the first day of the pay period following ratification by both parties, through June 30, 2024, all Bargaining Unit 8 employees enrolled in a state-sponsored health benefit plan shall receive a monthly payment of \$260, regardless of party code enrollment. This payment shall not be considered as compensation for purposes of retirement.

Miscellaneous

Reducing the 72-Hour Duty Week

- 1) The State and the Union agree to reduce the 72-hour duty week to a 66-hour duty week, a 24-hour reduction per work period, starting in November 1, 2024 subject to appropriation in the 2024-2025 Budget Act.
- 2) A Joint Labor Management Committee (JLMC) shall be established to determine the changes needed to implement the reduction. Topics of discussion shall include but not be limited to; hours of work (reduce the 72-hour duty week), shift patterns, work schedules, retention and recruitment, and classifications.
- 3) The State and the Union agree to present a mutual agreement to the Director of Finance by July 1, 2023, for inclusion in the Governor's proposed 2024-2025 Budget.
- 4) If the Governor declares a fiscal emergency and General Fund moneys over the multiyear forecasts beginning in the 2024-2025 Governor's Budget are not available to support the reduction to a 66-hour duty week on an ongoing basis, including the estimate of direct costs and any increases in the cost of overtime driven by the proposal, the parties agree to reopen this provision regarding how and when to implement this section.

Term

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

Duration

- 1) July 1, 2022 through June 30, 2024.

Fiscal

- 1) Fiscal Year 2022-23 Cost: \$45.7 million (\$19.9 million General Fund)

Memorandum of Understanding with BU 9. This bill ratifies an MOU entered into between the state and BU 9, represented by the Professional Engineers in California Government (PECG) on August 22, 2022, notwithstanding the requirement for the LAO to produce a fiscal analysis. The MOU agreement is, as follows:

Compensation

General Salary Increases

- 1) Effective July 1, 2022, all BU 9 classifications shall receive a general salary increase of 2.5 percent.
- 2) Effective July 1, 2023, all BU 9 classifications shall receive a general salary increase of 3 percent.
- 3) Effective July 1, 2024, all BU 9 classifications shall receive a general salary increase of 2 percent.

Professional Qualification Compensation

- 1) Effective the first day of the pay period following ratification by both parties, all BU 9 employees who paid dues to one, or more, job-related professional societies or organizations shall be reimbursed up to \$250 per fiscal year.

Long-Term Differential

- 1) Effective the first day of the pay period following ratification by both parties, the differential for California Department of Transportation employees who are assigned to long-term assignments lasting more than 365 days will increase from \$1,800 per month to \$3,000 per month.

Diving Pay

- 1) Effective the first day of the pay period following ratification by both parties, the rate for employees in classifications currently eligible to receive diving pay shall increase from \$12 per diving hour to \$25 per diving hour.

Recruitment and Retention Pay Differential

- 1) Effective the first day of the pay period following ratification by both parties, the Transportation Surveyor (Caltrans) classification has been added to the \$300 per month recruitment and retention pay differential.

Longevity Pay

- 1) Effective the first day of the pay period following ratification by both parties, employees with 17 or more years of state service will receive this pay differential based on the following schedule:
 - a. Two percent (2%) for employees with 17 years of state service.
 - b. Three percent (3%) for employees with 18 years of state service.
 - c. Four percent (4%) for employees with 19 years of state service.
 - d. Five and a half percent (5.5%) for employees with 20 years or more years of state service.

Geographic Pay

- 1) Effective the first day of the pay period following ratification by both parties, employees whose worksite is located in Contra Costa County will receive a \$250 per month pay differential.

Range C Special Salary Adjustment Joint Labor Management Committee

- 1) Establishes a joint labor management committee to study Range C of thirteen BU 9 classifications to mutually decide on appropriate special salary adjustments to become effective July 1, 2023. The total cost of these salary adjustments and related benefits shall not exceed 1.0 percent of payroll for BU 9 employees as of June 2022. The study will be completed no later than March 1, 2023.

CPESC/QSD/QSP Certificates

- 1) Full-time BU 9 employees who successfully complete the examination for the Certified Professional in Erosion and Sediment Control (CPESC), the Qualified Storm Water Pollution Prevention Plan Developer (QSD), or the Qualified Storm Water Pollution Prevention Plan Practitioner (QSP) certificates may be reimbursed for the application and/or examination fees. Full-time BU 9 employees may also be reimbursed renewal fees once every three years.

Safety Footwear

- 1) Effective the first day of the pay period following ratification, the amount and frequency of reimbursement for BU 9 employees that are required to purchase safety footwear shall increase from \$100 every 18 months to \$150 every 12 months.

Health and Welfare*Family Care Leave*

- 1) Effective July 1, 2023, BU 9 employees who are enrolled in the annual leave program will be eligible for the non-industrial disability insurance Family Care

Leave program. This program provides eligible employees up to six weeks of paid leave (50% of gross salary) within a 12-month period for the care of a seriously ill family member or to bond with a newborn child, adopted child or foster care placement. Employees have the option to use their own leave credits to supplement up to either 75 percent or 100 percent of this income benefit.

Term

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

Duration

- 1) Effective the first day of the pay period following ratification by both parties. The union ratification process will be completed no later than August 31, 2022.

Fiscal

- 1) Fiscal Year 2022-23: \$68.1 million (\$2.0 million General Fund)

Memorandum of Understanding with BU 18. This bill ratifies an MOU entered into between the state and BU 18, represented by the California Association of Psychiatric Technicians (CAPT) on August 4, 2022, notwithstanding the requirement for the LAO to produce a fiscal analysis. The MOU agreement is, as follows:

Compensation

General Salary Adjustment and Special Salary Adjustments

- 1) Effective July 1, 2022, all BU 18 classifications shall receive a general salary increase of 2.5 percent.
- 2) Effective July 1, 2023, all BU 18 classifications shall be adjusted by increasing the maximum of the salary range by 4 percent.
- 3) Effective July 1, 2024, all classifications shall be adjusted by increasing the maximum of the salary range by 4 percent.

Recruitment and Retention Pay Differential – State Hospitals (DSH)

- 1) Psychiatric Technicians and Senior Psychiatric Technicians at DSH Atascadero will receive a \$400 per month pay differential. Psychiatric Technicians and Senior Psychiatric Technicians at DSH Coalinga, Napa and Metropolitan will receive a \$200 per month pay differential.

Longevity Pay Differential

- 1) Establishes a longevity pay differential for BU 18 employees in a licensed classification with 17 or more years of state service. This pay differential

counts towards compensation for the purposes of retirement. This pay differential will be established six months from ratification, and will be phased in based on the following schedule:

- a. Two percent (2%) on March 1, 2023, for employees with 17 or more years of state service.
- b. Three percent (3%) on July 1, 2023, for employees with 20 or more years of state service.
- c. Four percent (4%) on July 1, 2024, for employees with 23 or more years of state service.
- d. Five percent (5%) on July 1, 2025, for employees with 25 or more years of state service.
- e. The above percentages are non-cumulative.

Health Care Facility Retention Payment

- 1) Employees who were employed on January 1, 2022, and remain employed on the first day of the pay period following ratification, and who have been working more than fifty percent of the time in a correctional facility, correctional health care facility, state hospital or developmental services facility shall receive a one-time payment of \$1,500.

Mental Health and Wellness Stipend

- 1) Effective July 1, 2022, each employee who works a qualifying pay period will be eligible to earn \$100 per month through June 30, 2024. This stipend will be paid as a lump sum every six-months.

Post-Employment Benefits

Prefunding of Other Post-Retirement Benefits (OPEB)

- 1) Effective 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 July 1 each fiscal year thereafter, 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.

Business and Travel Expenses

- 1) During the term of this agreement, the State agrees to apply any future changes to the business and travel expense reimbursement rates to BU 18 employees.

Duration

- 1) Upon ratification through July 1, 2025.

Term

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

Fiscal

- 1) Fiscal Year 2022-23: \$39.5 million (\$38.5 million General Fund)

Mental Health Specialists Pay Differential. This bill ratifies a side letter agreement entered into between the state and BU 19 (AFSCME) on July 29, 2022. Specifically, this measure ratifies the following:

- 1) To retain and recruit psychologists, the side letter establishes a 15% pay differential for psychologists and senior psychologists 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 \$25,987,000 General Fund ongoing for the purpose of state employee compensation, as provided.

Health Care Facility Employee Retention Payment. This bill ratifies an MOU side letter entered into between the state and BU 10 (CAPS) on July 29, 2022, as follows:

- 1) A one-time payment of \$1,500 to employees “who have been in-person supporting the delivery of care 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, hospital, veterans’ home, or developmental services facility for at least 50% of the time during the pandemic.
- 4) Appropriates \$68,000 one-time General Fund for expenditure in the 2022-23 fiscal year for the cost of the bonuses.

Workers' Compensation Full Salary Benefit. This bill establishes a new statute for workers’ compensation benefits for employees of BU 8 (CAL FIRE Local 2881) and ratifies an MOU side letter entered into on August 11, 2022, as follows:

- 1) Establishes a new statute, Labor Code section 4811, in lieu of the Enhanced Industrial Disability Leave provided by Government Code section 19871.3.
- 2) An employee who is injured on the job will be eligible for up to one year of salary in lieu of enhanced disability payments.
- 3) An employee that suffers a severe burn during the course of work will be eligible for up to three years of salary in lieu of enhanced disability payments.
- 4) An employee will only be eligible for the new benefit for the time period during which they would normally be employed.
- 5) The new code section takes effect on November 1, 2022.
- 6) The new statute does not increase any costs to the department and is absorbable.

Augmentation for Employee Compensation. This bill appropriates \$50 million (\$3 million General Fund) to account for revised General Salary Increases of from 2.06 percent to 2.63 percent for Judges and the updated costs related to the salary survey estimates for the California Highway Patrol (BU 5).

Fiscal Effect: This bill appropriates \$298,737,000 (\$105,531,000 General Fund) to implement the MOUs 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

Bill No: AB 152 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 27, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Christopher Francis

Subject: COVID-19 relief: supplemental paid sick leave

Summary: This bill makes necessary changes to implement COVID-19 relief provisions adopted as a part of the Budget Act of 2022.

Background: Small businesses have been disproportionately affected by the COVID-19 pandemic and the related health and safety restrictions, with hundreds of thousands of businesses permanently shuttered and many more on unstable financial footing. In 2021, small business revenue in California was estimated to be down more than 30 percent, with the hardest hit sector, leisure and hospitality, down over 70 percent.

State Aid for Small Businesses and Non-Profits for COVID-19 Impacts. Executive Order No. E 20/21-182 allocated \$500 million from the Disaster Response-Emergency Operations Account to fund the COVID-19 Relief Grant Program, in order to provide financial relief to small businesses suffering from the economic impacts of the COVID-19 pandemic. The program was administered by the California Office of Small Business Advocate (CalOSBA) within the Governor's Office of Business and Economic Development (GO-Biz). CalOSBA used five percent of this funding to contract with a Community Development Financial Institution to administer the program. The second and final application round of this program recently closed, and all of the money should have been distributed by April 1, 2021.

As part of the 2021 Budget Act early action package, SB 87 (Committee on Budget), Chapter 7, Statutes of 2021 established the California Small Business COVID-19 Relief Grant Program within the CalOSBA to assist qualified small businesses affected by COVID-19 through the administration of grants. This bill appropriated \$2.075 billion to fund the program, including \$50 million for nonprofit cultural institutions.

SB 151 (Committee on Budget), Chapter 74, Statutes of 2021 established the California Microbusiness COVID-19 Relief Grant Program, to fund regional programs that provide grants of \$2,500 to eligible microbusinesses that have been impacted by COVID-19 and the associated health and safety restrictions, and the California Venues Grant Program to support eligible independent live events venues that have been affected by COVID-19 in order to support their continued operation. These programs were also established within CalOSBA.

COVID-19 Supplemental Paid Sick Leave. SB 95 (Committee on Budget and Fiscal Review), Chapter 13, Statutes of 2021, re-established COVID-19 supplemental sick leave for employers, as defined under existing law, who have more than 25 employees.

The bill specified that employees were entitled to up to 80 hours of supplemental sick leave due to quarantine or isolation related to COVID-19, attending an appointment or experiencing symptoms related to COVID-19 vaccine, experiencing COVID-19 symptoms, caring for a family member who is subject to quarantine, or caring for a child whose school or place of care is closed due to COVID-19. The bill provided \$100,000 from the General Fund to the Labor Commissioner for resources to implement and enforce the provisions of the bill. This supplemental leave was available through September 30, 2021.

SB 114 (Committee on Budget), Chapter 4, Statutes of 2022 made various statutory changes to extend COVID-19 supplemental paid sick leave provisions that expired on September 30, 2021. Most notably, the law requires employers with more than 25 employees to provide up to 40 hours for workers in the public and private sector as specified. The law also entitles a covered employee, in addition to the 40 hours of COVID-19 supplemental paid sick leave, to take up to 40 more hours of COVID-19 supplemental paid sick leave if the covered employee, or a family member for whom the covered employee is providing care, tests positive for COVID-19. This law did not include an appropriation to relieve employers of costs associated with implementation of the law. Subsequent legislation included such relief: AB 178 (Ting), Chapter 45, Statutes of 2022 appropriates \$250 million from the California Emergency Relief Fund to GO-Biz for relief grants for small businesses and non-profits to offset costs of SB 114.

Proposed Law: This bill makes various statutory changes to implement the COVID-19 relief provisions of the 2022-23 budget. Specifically, this bill:

- 1) ***Additional Changes to the COVID-19 Supplemental Paid Sick Leave program.*** Makes two changes:
 - Extends the expiration date for the provisions of 2022 COVID-19 Supplemental Paid Sick Leave program contained in SB 114 from September 30, 2022 to December 31, 2022.
 - Under existing law if an employee is receiving additional Supplemental Paid Sick Leave, then an employer may require the employee to submit to a second diagnostic test on or after the fifth day after the first positive test that entitled the employee to the additional Supplemental Paid Sick Leave and provide documentation of those results. This bill further authorizes the employer to require, if that second diagnostic test for COVID-19 is also positive, the employee to submit to a third diagnostic test within no less than 24 hours and requires the employer to provide the second and third diagnostic tests at no cost to the employee. Finally, the bill specifies that the employer has no obligation to provide additional COVID-19 supplemental paid sick leave for the employee who refuses to submit to these aforementioned tests.
- 2) ***California Small Business and Nonprofit COVID-19 Supplemental Paid Sick Leave Relief Grant Program.*** Establishes this program within CalOSBA to assist qualified small businesses and nonprofits, with between 26 to 49 employees, for incurring costs for COVID-19 supplemental paid sick leave

pursuant to Sections 248.6 and 248.7 of the Labor Code, through administration of grants. Defines qualified small business or nonprofit and outlines eligibility guidelines for the Program. Authorizes the Department of Finance to increase the appropriation for the grants by up to \$70 million if General Fund savings are achieved due to increases in federal funds and authorizes the Department of Finance to transfer this sum from the General Fund to the California Emergency Relief Fund for this purpose. This authorization would increase the total appropriation for the program to up to \$320 million.

Fiscal Effect: This bill appropriates \$10,000 from the General Fund to the Labor Commissioner to implement the provisions related to the COVID-19 supplemental paid sick leave extension from September 30, 2022 to December 31, 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

Bill No: AB 156 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 27, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Christopher Francis & Elisa Wynne

Subject: State 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) ***FI\$Cal Transition.*** Creates a statutory framework for the reporting and oversight of remaining FI\$Cal project milestones, including the integration of cash management functions and the migration of the ten remaining deferred departments to the system.
- 2) ***County Assessor's Grant Program.*** Clarifies, that for purposes of the County Assessor's Grant Program, a lead county may be designated by the department to accept funds on behalf of a county assessor's joint powers authority.
- 3) ***SAL Subvention Definition.*** Existing law provides that for 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. Existing law 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, and 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. This trailer bill makes various technical and conforming changes to those provisions.
- 4) ***Advanced Payment Pilot.*** Until July 1, 2025, authorizes state agencies administering specified programs to advance payments to local agencies, nongovernmental entities, and other state agencies if certain criteria are met, including requiring advance payment recipients to provide an itemized budget, spending timeline, and work plan. Limits the advance payment to a local agency or nongovernmental entity to 25 percent of the total grant amount awarded to that recipient, unless the administering state agency determines that the project requires a larger advance. Requires the recipient or any sub-recipients to cooperate with audits by the Department of Finance related to the advanced payments, as specified in the bill.

Requires the administering state agency to prioritize local agency or nongovernmental entity recipients and projects serving disadvantaged, low-income, and under-resourced communities or organizations with modest reserves and potential cash flow problems. Requires local agency and nongovernmental entity recipients to submit additional documentation and progress reports on the spend-down of funds, and to demonstrate good standing with the federal Internal Revenue Service.

- 5) **California Institute to Advance Precision Medicine.** Extends the Precision Medicine program's sunset date from January 1, 2026 to June 30, 2029, to allow the Office of Planning and Research to award research contracts for newly-funded projects, which extend beyond the current sunset date of the program. In addition, this bill includes language clarifying that the 10 percent administrative cost cap in the Precision Medicine program only applies to demonstration projects - which are grant-funded external research and demonstration projects - and not for non-demonstration research projects, as these projects are completed by the Precision Medicine program and typically use more than 10 percent for administrative costs. The 2022 Budget Act includes \$19.3 million General Fund for Precision Medicine projects, including \$10 million for depression research and \$9.3 million to increase participation of underrepresented communities in biomedical research. The change in administrative cost cap for non-demonstration projects will allow OPR to implement the \$9.3 million program to implement the participation of underrepresented communities in biomedical research as planned.
- 6) **State Bar Board of Trustees.** Adjusts the membership rules for public members of the board of trustees of the State Bar.
- 7) **Voice Writing.** Includes a definition of voice writing used by court reporters and expands the definition of the practice of shorthand reporting; requires the Court Reporters Board of California to treat certificate holders equally regardless of the method of qualification and to indicate on each certificate whether the certificate holder met the examination requirements using a qualifying methodology; and prohibits employers from differentiating among certificate holders based on the method of qualification.
- 8) **Goat Herders Pay.** Existing law establishes labor provisions specifically applicable to sheepherders, including authorizing an employer of a sheepherder to pay a specified monthly minimum wage as an alternative to paying the minimum wage for all hours worked to sheepherders employed on a regularly scheduled 24-hour shift on a seven-day-a-week "on-call" basis. Existing law provides that an employer, or any other person acting on behalf of the employer, who violates or causes to be violated those provisions is subject to a civil penalty. Existing federal law governing immigration authorizes the importation of an alien as a nonimmigrant agricultural worker, known as an H-2A worker, if specified requirements are met, including that the employer furnishes housing, as specified. This trailer bill:
 - a) Prohibits an employer from crediting meals or lodging against the minimum wage owed to sheepherders and would require every employer to provide to

- each shepherd not less than the minimum monthly meal and lodging benefits required to be provided by employers of shepherders under the provisions of the H-2A visa program;
- b) Increases the civil penalties for violations;
 - c) Applies, until January 1, 2024, the labor provisions specifically applicable to shepherders to be applicable to goat herders; and,
 - d) Prior to the sunset date, directs the Labor Commissioner to issue a report to the Legislature on wage violations, including minimum wage and overtime, affecting shepherders and goat herders.
- 9) **California Youth Apprenticeship Program and SB 62 (Durazo, Chapter 329, Statutes of 2021) Technical Changes.** Makes technical and non-substantive changes to correct drafting errors in provisions.
- 10) **Debt Collection Licensing Act: Conditional Licenses.** Requires the commissioner to allow any debt collector that submits an application before January 1, 2023, to operate pending the approval or denial of the application. Authorizes the commissioner to issue a conditional license to an applicant pending receipt and review of the fingerprint images and related information. Requires a conditional license to expire under certain conditions, including upon issuance of an unconditional license. Requires the commissioner to notify the applicant, in writing, that if the applicant fails to submit responsive information within 60 days from the date the commissioner sent the written request for information, the commissioner may deem the application abandoned. Amends the definition of a “licensee” to mean a person licensed, conditionally or unconditionally.
- 11) **California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Act.** Makes the following changes:
- a) Establishes the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Act to provide a trust account to an eligible child.
 - b) Defines “eligible child” to mean a minor resident of California who is under 18 years of age, are specified dependents or wards under the jurisdiction or juvenile court in foster care with reunification services terminated by court order, or who have a parent, Indian custodian, or legal guardian who died due to COVID-19 during the federally declared COVID-19 public health emergency and the meet the specified family household income limit.
 - c) Creates the HOPE for Children Trust Account Program Board, and requires the board to administer the program and the funds to create opportunities, economic autonomy, and hope, and to promote wealth and asset building for an eligible child and eligible youth to address California’s record levels of inequality.

- d) Establishes the HOPE for Children Trust Account Fund in the State Treasury and continuously appropriates those funds.
 - e) Requires the Treasurer to convene a workgroup to advise the Treasurer on program design, including but not limited to, data sharing with relevant governmental agencies and departments, outreach to families of eligible children and eligible youth, process for program enrollment, and measuring outcomes.
 - f) Requires the board to submit a report to the Department of Finance and the Legislature by February 1, 2024.
 - g) Excludes from gross income, for purposes of personal income tax, funds deposited and investment returns accrued, and any accrued interest in a HOPE trust account, and any funds withdrawn or transferred from that account beginning January 1, 2023.
 - h) Provides that funds deposited, any investment returns accrued, and any accrued interest in a HOPE trust account, and any funds withdrawn or transferred from that account, are not earned income for purposes of eligibility for the California Earned Income Tax Credit and the Young Child Tax Credit beginning January 1, 2023.
- 12) **Office of Digital Innovation.** Effective July 1, 2023, changes the "Office of Digital Innovation" under the Government Operations Agency to the "Office of Data and Innovation" (ODI). Specifies that ODI's mission is to deliver better government services through technology and service innovation, data, and design. Revises the methods by which the office is required to fulfill that mission to include, among other things, using data-informed practices to measurably improve services. Makes the appointment of ODI's director subject to Senate confirmation, and creates the position of Chief Data Officer within ODI.
- 13) **Fund Repayment.** Existing law allows the state to sell bonds and use a portion of those proceeds to finance the construction of public buildings. Existing law also requires amounts made available from the General Fund used to finance public buildings to be repaid from the proceeds received from the sale of bonds. This trailer bill authorizes General Fund repayment to be made from any other lawfully available source of funds.
- 14) **Budget Act of 2021 Listing.** Existing law identifies the bills constituting each budget act from the Budget Act of 2011 through the Budget Act of 2020. This bill identifies the bills constituting the Budget Act of 2021.
- 15) **Unemployment Insurance Code Section 1095 Chaptering out Fix.** Includes a technical, non-substantive change to resolve a chaptering issue by including a reference for the Civil Rights Department in Unemployment Insurance Code Section 1095.

Fiscal Effect: This bill establishes the California Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program and the HOPE for

Children Trust Account Fund in the State Treasury. It would continuously appropriate moneys in the fund to the board and Treasurer for implementation of the program. By creating a continuously appropriated fund, the bill would make an appropriation.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 157 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 26, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: James Hacker

Subject: State government

Summary: This bill includes statutory changes necessary to implement a variety of provisions of the 2022 Budget Act related to general government issues.

Proposed Law: Specifically, this bill would do the following:

- 1) ***CA Small Agricultural Business Drought Relief Grant Program.*** Creates the California Small Agricultural Business Drought Relief Grant Program within the Office of Small Business Advocate to provide grants to qualified small agricultural businesses that have been affected by severe drought conditions. The bill provides that the office may contract with a fiscal agent to carry out the program, at a rate of no more than 5 percent of the funds, and that grants to qualified small agricultural businesses may be administered in one or more rounds and requires the office to conduct marketing and outreach for equitable awareness and the distribution of grants, as specified.

The bill defines “qualified small business” as a business that meets all of the following, as confirmed by the office or fiscal agent through review of revenue declines, other relief funds received, credit history, tax returns, payroll records, and bank account validation:

- a) Is a sole proprietor, independent contractor, C-corporation, S-corporation, cooperative, limited liability company, partnership, nonprofit, or limited partnership, with 100 or fewer full-time employees in the 2022 taxable year.
- b) Experienced a decline in annual gross receipts or gross profits of 10 percent or more.
- c) Began operating in the state prior to January 1, 2020.
- d) Is currently active and operating.
- e) Has been affected by severe drought according to the United States Department of Agriculture drought monitor.
- f) Provides organizing documents, including a federal tax return or Internal Revenue Service Form 990, and a copy of official filings with the Secretary of State or with local municipality, as applicable, including, but not limited to, articles

of incorporation, certificate of organization, fictitious name of registration, or government-issued business license.

The bill further specifies that “qualified small business” shall not include:

- a) Businesses without a physical presence in the state.
- b) Governmental entities, other than Native American tribes, or elected officials offices.
- c) Businesses primarily engaged in political or lobbying activities, regardless of whether the entity is registered as a 501(c)(3), 501(C)(6), or 501(c)(19) nonprofit entity or other nonprofit entity.
- d) Passive business, investment companies, and investors who file a Schedule E on their tax returns.
- e) Financial institutions or businesses primarily engaged in business of lending, such as banks, finance companies, and factoring companies.
- f) Businesses engaged in any activity that is unlawful under federal, state, or local law.
- g) Businesses that restrict patronage for any reason other than capacity.
- h) Speculative businesses.
- i) Businesses with any owner of greater than 10 percent of the equity interest in it as specified.
- j) Affiliated companies, as described in Section 121.103 of Title 13 of the Code of Federal Regulations, as it read on August 1, 2022.
- k) Other businesses to be determined by the office consistently with requirements and intent of this subdivision.

The bill requires that grant money awarded shall be used for costs to maintain the recipient business through the drought including:

- a) Employee expenses, including payroll costs, health care benefits, paid sick, medical, or family leave, and insurance premiums.
- b) Working capital and overhead, including rent, utilities, mortgage principal, and interest payments, but excluding mortgage prepayments, and debt obligations, including principal and interest, incurred before the onset of severe drought.
- c) Any other drought-related expenses not already covered through grants, forgivable loans, or other relief through state, county, or city programs.

The bill provides that grants shall be awarded as follows:

- a) 10 percent of the grant funds shall be held for qualified small agricultural businesses that do not file 2022 tax year returns until 2024.
- b) 20 percent of the grant funds shall be allocated in one or more rounds for small and socially disadvantaged farmers who are qualified small agricultural businesses as specified.
- c) Remaining percentage of grants funds shall be allocated to qualified small agricultural businesses most impacted by severe drought, including, but not limited to, those identified in the 2022 North American Industry Classification System codes, as specified.
- d) \$60,000 for applicants with a decline in annual gross receipts or gross profits of 30 percent or more and less than 40 percent.
- e) \$80,000 for applicants with a decline in annual gross receipts or gross profits of 40 percent or more and less than 60 percent.
- f) \$100,000 for applicants with a decline in annual gross receipts or gross profits of 50 percent or more.

Lastly, the bill requires the office to report to the Legislature about diversity on or before December 31, 2024.

- 2) **Accessory Dwelling Unit Working Group.** Directs the California Housing Finance Agency (CalHFA) to convene a working group to identify and recommend changes to the Agency's Accessory Dwelling Unit Program. This bill requires the working group to consist of representatives from various stakeholders involved in the ADU market, including private lenders, federal mortgage agencies, community development financial institutions, local housing trust funds, community based organizations, and credit unions, among others. It directs the working group to explore options to expand program utilization, mitigate risks for participating lenders, increase program outreach, expand financing options for construction costs and manufactured options, and ease constraints for participating homeowners. It directs the working group to develop recommendations by July 1, 2023 for consideration by CalHFA.
- 3) **Foreclosure Intervention Housing Preservation Program Cleanup.** Makes technical and clarifying changes to the Foreclosure Intervention and Housing Preservation Program created in the Budget Act of 2021 to clarify the role of third party fund managers, clarify the reuse of returned program funds, and better define eligible program participants.
- 4) **DMV First-Line Service Provider Fee Adjustment.** Applies an annual cost-of-living adjustment (COLA) to the first-line service provider portion of the first-line service provider fee, using January 1, 2022, as the baseline for calculation. First-line service providers develop and run the software that electronically titles and registers vehicles with the DMV. They have fulfillment centers that ship license plates and

stickers to vehicle purchasers. They also provide services in connection with the state's new "temp-tag" function that creates temporary license plates for vehicle purchasers to use before they receive their permanent plates. First-line service providers are compensated for providing this functionality through a modest fee paid by a vehicle purchaser, currently set at \$31. The first-line service provider is contractually obligated to pay the DMV a portion (\$6) of the \$31 fee. The DMV's portion of the fee is automatically increased based on a cost-of-living adjustment (COLA), causing the DMV's portion of the fee to double from its original level of \$3 per transaction up to \$6 per transaction today. The first-line service provider's portion of this fee, currently set at \$25, has not increased since 2013 and has not kept pace with inflation. This bill would align the fee structure for this portion of the fee with the portion paid to DMV.

- 5) **Best Value Procurement.** Allows the Department of General Services to utilize the Best Value procurement method to purchase and equip heavy mobile fleet vehicles and special equipment for use by the Department of Transportation. DGS and Caltrans previously held this authority, but it expired January 1, 2022. Consistent with past practice, this bill defines "best value" as a contract award determined by objective criteria related to price, features, functions, and life-cycle costs, rather than simply lowest-cost. This bill also defines requirements for bid evaluation and protest procedures. This bill would also require the department to develop and publish a report on its use of best value procurement by March 1, 2024, which would include, to the extent feasible, information on the labor and economic impacts of the program. This bill would sunset the department's ability to use best value procurement on June 30, 2025.
- 6) **Airport Customer Facilities Charge Sunset Date.** Extends the sunset date for airport customer facility charges from January 1, 2023 to January 1, 2024. Existing law authorizes an airport operated by a city and county to require a rental car company to collect a fee from its customers on behalf of the airport for the use of an airport-mandated common use busing system or light rail transit system operated for the movement of passengers between the terminal and a consolidated on-airport rental car. Under current law, the proceeds of these fees would be used to finance bond debt related to certain capital improvements.
- 7) **Adaptive Reuse.** Expands the allowable uses for the Infill Infrastructure Grant Program to include adaptive reuse and "catalytic qualifying infill areas." Specifically, this bill makes the statutory changes necessary to implement the \$150 million in funding provided for adaptive reuse purposes. It does the following:
 - a) Defines "adaptive reuse" as the repurposing of building structures for residential purposes, such as former office use, commercial use, or business parks.
 - b) Defines "catalytic qualifying infill areas" as a contiguous area or multiple noncontiguous parcels located within an urbanized area that meet specified requirements, including the area constitutes a large catalytic investment in land that will accommodate a mix of uses, including affordable or mixed-income housing.

- c) Requires the Department of Housing and Community Development to develop a selection process for awarding grants for catalytic infill areas that meets specified requirements, including minimum threshold requirements for applicants, mandatory information required in an application for funding, and application ranking procedures. Specifically, it requires grants for small and large jurisdictions to be provided using a selection process established by the Department of Housing and Community Development (department) consistent with the following requirements:
- i. Applicants shall meet both the minimum threshold requirements:
 1. Readiness, which includes the following: a demonstration that the CQIA developed can compete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submission of a grant application, and a demonstration that the eligible applicant has a viable plan to secure sufficient funding, derived from sources other than this part for the timely development of housing within a CQIA.
 2. A demonstration of the CQIA location's consistency with an adopted sustainable communities strategy or alternative planning strategy pursuant to Section 65080 of the Government Code.
- d. Requires the department, at a minimum, to rank the affected CQIA applications for small jurisdictions and large jurisdictions based on the following:
- i. The number of housing units, including affordable units, as specified, to be developed within the CQIA.
 - ii. The depth and duration of the affordability of the housing proposed for within the CQIA.
 - iii. The extent to which the average residential densities on the parcel or parcels to be developed exceeds the density standards, as specified.
 - iv. The CQIA's inclusion of, or proximity or accessibility to, a transit station, major transit stop, or other areas yielding significant reductions in vehicles miles traveled.
 - v. The proximity of planned housing within the CQIA used in the calculation of the eligible grant amount to existing or planned parks, employment or retail centers, schools, or social services.
 - vi. Existing or planned ordinances and other zoning or building provisions that facilitate adaptive reuse, including, but not limited to, demonstration that, if the existing commercial, office, or retail structure intended for reuse as housing does not occupy the entirety of the underlying parcel, the adaptive reuse project will be permitted to add to the existing building or structure provided that the addition is consistent with the existing or planned zoning of the parcel.
 - vii. The extent to which local strategies or programs are in place to prevent the direct or indirect displacement of local community residents or businesses from the area within and surrounding the CQIA.
 - viii. The level of community outreach and engagement in project planning, including efforts to involve disadvantaged communities and low-income

residents, particularly local community residents and businesses from the area within and surrounding the CQIA.

- ix. Inclusion of any publicly owned lands within the designated CQIA.
 - x. Streamlining provisions related to the California Environmental Quality Act (CEQA), as specified, including, but not limited to, establishment of streamlined, program-level CEQA analysis and certification of general plans, community plans, specific plans with accompanying environmental impact reports, and related documents and streamlining proposed projects, such as enabling a by-right approval process or by utilizing statutory and categorical exemptions as authorized by applicable law.
- e. The bill would authorize the department to ensure a reasonable distribution of funds that considers differing population sizes and geographic location, and requires applications be considered and ranked against applications of localities of similar size and scope.
 - f. Requires the department, to the maximum extent feasible, to ensure a reasonable distribution of funds, including consideration of differing population sizes of localities and geographic location.
 - g. The bill would require the department, by January 1, 2024, to submit a report to the relevant fiscal and policy committees of the Legislature that includes, among other things, data on the catalytic qualifying infill area projects funded under the program.
- 8) **Infrastructure and Economic Development Bank.** Applies the exemption that specified information and records of the Infrastructure and Development Bank are exempt from disclosure, to the administration by the Infrastructure and Development Bank of the Climate Catalyst Revolving Loan Fund Act of 2020, the Venture Capital Program, and the financing of economic development facilities and public development facilities under certain circumstances. Applies the exemption to documents and information provided to the Bank on and after August 1, 2022, and prior to July 1, 2025.
- 9) **Hydrogen Hubs.** Authorizes the Governor's Office of Business and Economic Development (Go-Biz) to, until July 1, 2025, undertake measures that are necessary or useful to prepare and submit an application to receive funding and participate in a regional clean hydrogen hubs program established by the Federal Secretary of Energy. The bill specifies that grants received from the regional clean hydrogen hubs program may only be provided to projects that create hydrogen using Renewable Portfolio Standard (RPS) resources eligible for procurement by investor-owned electric utilities (IOUs). Lastly, the bill requires GO-Biz to submit an annual report on participation in the regional clean hydrogen hubs program.

Fiscal Effect: This bill makes statutory provisions necessary to implement the Budget Act of 2022, which contains the fiscal provisions of this bill.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 158 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 26, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Taxation

Summary: This bill includes statutory changes necessary to implement a variety of provisions of the 2022 Budget Act related to taxation.

Proposed Law: Specifically, this bill would do the following:

Workers' Tax Credit

- 1) Allows, for taxable years beginning on or after January 1, 2024, a credit in an amount equal to the greater of: 1) the dues paid to a labor organization during the taxable year multiplies by an adjustment factor as specified; or 2) the amount of dues paid during the year, as specified, but not to exceed \$100 (recomputed annually).
- 2) Provides that unless otherwise specified in the annual Budget Act, or a bill providing for appropriations related to the annual Budget Act, enacted after May 1, 2024, the worker's tax credit adjustment factor shall be 0 percent for that year, and the dollar amount allowed shall be \$0 for that taxable year.
- 3) States that it is the intent of the Legislature that the workers' tax credit adjustment factor and the maximum dollar amount be set in a manner to limit the resulting annual revenue loss from the credit to no more than \$400 million.
- 4) Includes the following definitions:
 - a. "Bona fide labor organization" means a labor organization that satisfies all of the following:
 - i. Is exempt from income taxes pursuant to Section 23701a.
 - ii. Actually represents employees in California as to wages, hours, and working conditions.
 - iii. Its officers have been democratically elected by its membership or otherwise in a manner consistent with federal law.
 - iv. Is free of domination or interference by any employer and has received no improper assistance or support from any employer.

- b. "Dues" means the amount paid or incurred during the taxable year by a taxpayer for dues or dues equivalents paid to a bona fide labor organization.
- 5) Provides that the credit allowed under this program, shall be in lieu of any other credit or deduction that the qualified taxpayer may otherwise be allowed with respect to the amount taken into account in calculating the credit.
- 6) Provides that if the amount allowable as a credit exceeds the tax liability computed for the taxable year, the excess shall be credited against other amounts due, if any, and the balance, if any, shall, upon appropriation by the Legislature, be paid from the Tax Relief and Refund account and refunded to the qualified taxpayer.
- 7) Requires the Franchise Tax Board to report to the Legislature beginning in the 2026 calendar year, and on annual basis thereafter, while the credit is in effect as specified.

Small Business Hiring Tax Credit

- 8) Makes nonsubstantive changes to the provisions that allow a small business hiring credit to a qualified small business employer, calculated based on the net increase in qualified employees.

Paycheck Protection Program

- 9) Clarifies that the provisions of law that exclude from gross income any covered loan amounts forgiven pursuant to the PPP Extension Act of 2021 are effective for taxable years beginning on or after January 1, 2019.

Data Sharing

- 10) Repeals and replaces provisions related to the exchange of data between the State Department of Social Services (DSS), State Department of Health Care Services (DHCS), and the Franchise Tax Board (FTB), and specifies data sharing including, but not limited to, the names, addresses, contact information, and individual income tax return information for the 2020 and 2021 tax years, of individuals that may qualify for the California Earned Income Tax Credit (CalEITC), and would require all data provided to remain confidential and be used only for purposes directly connected with the federal Earned Income Tax Credit, the CalEITC, other federal and state antipoverty tax credits, and informing residents of the availability of these credits.
- 11) Makes an appropriation of \$20,000 from the General Fund to the FTB to administer the data sharing provisions. Required annual reporting on the results and findings of outreach conducted to increase the claiming of credits.

Better for Families Refund Payment

12) Makes a technical correction to specify that the authority to make one-time Better for Families Refund payments is for the Franchise Tax Board instead of the State Controller.

Fiscal Effect: This is a budget bill within the overall 2022-23 budget package necessary to implement actions related to taxpayer relief.

Support: None on File

Opposed: None on File

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 160 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 26, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Nora Brackbill

Subject: Public safety trailer bill

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

- 1) Changes eligibility and process for the compensation of victims of crime by the Victim Compensation Board (VCB), effective July 1, 2024 if there are sufficient revenues to cover the changes and an appropriation is made in the Budget Act for that purpose, including:
 - a) Expands eligibility to individuals who are on parole or post-release supervision.
 - b) Specifies that victims cannot be denied for lack of cooperation at the scene of the crime or for a delay in reporting a crime.
 - c) Removes the reimbursement limit for victims receiving outpatient mental health care.
 - d) Extends the timeline for victims to appeal a denial of compensation to one year.
 - e) Increases the following benefit limits:
 - i) Relocation to \$7,500.
 - ii) Funeral and burial to \$20,000.
 - iii) Total award to \$100,000.
 - f) Expands loss of income benefits for victims and derivative victims, as defined, that are unable to work due to the qualifying crime, including:
 - i) Expands loss of income benefits to derivative victims beyond the parents or legal guardian of minors, including spouses and others, as defined.
 - ii) Specifies that individuals are eligible if they are employed or receiving earned income credits or were fully or partially employed for a period of time during the previous year.

- iii) Specifies that award is based on the higher of 35 hours per week at minimum wage or the actual loss sustained.
 - iv) Specifies that VCB shall adopt new guidelines expanding the acceptable documentation for establishing income or support loss.
 - g) Expands required education and outreach to potentially eligible victims of crime by law enforcement and acute care hospitals.
- 2) Makes the following changes for the compensation of individuals wrongly convicted of crimes, effective July 1, 2024 if there are sufficient revenues to cover the changes and an appropriation is made in the Budget Act for this purpose:
- a) Specifies that the compensation include \$70 per day served on parole or supervised release, in addition to the existing compensation rate of \$140 per day of incarceration.
 - b) Specifies that the per diems in (a) be updated annually to reflect inflation and are not taxable income.
- 3) Exempts classes and events that promote firearm safety, hunting, or sport shooting from prohibitions on advertising to minors.
- 4) Clarifies that incarcerated individuals who successfully participate in an institutional firehouse program may petition to have their pleading dismissed, consistent with existing policy for incarcerated individuals who participate as hand crew members in conservation camps.
- 5) Clarifies that youth currently in the custody of the Division of Juvenile Justice who are required to complete arson or sex offender registration upon discharge will still be required to do so after the closure of the division.
- 6) Corrects two erroneous cross-references in Sections 1463.001 of the Penal Code and 1732.10(b)(5) of the Welfare and Institutions Code.
- 7) Takes effect immediately as a bill providing for appropriations related to the Budget Bill.
- 8) Includes chaptering amendments for Senate Bills 299, 688, 877, and 1468 of the 2021-22 Regular Session, which will only become operative if those bills are enacted and become effective on or before January 1, 2023.

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.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 185 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 26, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Yong Salas

Subject: Education finance: education omnibus trailer bill

Summary: This bill provides for statutory changes necessary to enact the K-12 and child care-related statutory provisions of the Budget Act of 2022.

Background: This bill, as part of the 2022-23 Budget Package, makes statutory changes to implement the 2022-23 Budget Act. Specifically, this bill:

- 1) Clarifies that new cost-of-living-adjustment add-ons to the county Local Control Funding Formula (LCFF) Floor and Minimum State Aid Guarantee are cumulative from one fiscal year to the next.
- 2) Requires the Department of Education, in consultation with the Department of Social Services, to convene statewide workgroup of preschool stakeholders, as specified and provide recommendations regarding preschool access and quality standards across the mixed child care delivery system.
- 3) Clarifies support for dual language learners, three year-old child eligibility, and intent on how to provide special education set-aside for the California State Preschool Program (CSPP).
- 4) Conforms adult/child ratios for child care programs to the child care facility licensing regulations.
- 5) Clarifies language for how to distribute COLA with regard to child care costs.
- 6) Clarifies the following for the California Transitional Kindergarten Planning Grant Program: (1) funds must be expended by June 30, 2026, (2) specifies how funds should be awarded and spent, and (3) requires local educational agencies to provide program data to Department of Education.
- 7) Clarifies grant funding and application process for the Preschool Planning Grants.
- 8) Clarifies who is subject to background checks under the Cradle-to-Career project.
- 9) Establishes an alternative design-build process for school facilities.
- 10) Clarifies reporting requirements for the Learning Recovery Block Grant.

- 11) Specifies funding calculations as it relates to school transportation for common administration districts, district reorganizations, and allows for school transportation to be provided by joint powers agreements. Also clarifies that prior year Local Control Funding Formula transportation costs should be used to calculate funding.
- 12) Repeals the requirement to adopt regulations for program funding.
- 13) Clarifies requirements for local educational agencies to be eligible for the 2021-22 average daily attendance boost.
- 14) Updates language for school district reorganizations or territory transfers to specify that adjustments will be made to any applicable prior fiscal year, as a result of the new three prior year average calculation.
- 15) Increases the necessary small school funding bands to correspond to the increase for school districts.
- 16) Clarifies the recoupment of payment procedures in the event of wage overpayment for school employees.
- 17) Adds transitional kindergarten as an eligible requirement for the mentor teacher experience as part of the Teacher Residency Grant Program.
- 18) Specifies that \$10 million be set-aside for capacity grants to create school counselor residency programs.
- 19) Corrects the Year of Appropriation for the Teacher Residency Program Technical Assistance Center program funding.
- 20) Allows classified employees and community college employees to be represented by an attorney or non-attorney representative during layoff proceedings.
- 21) Defines "month" for purposes of the Classified Employee Summer Assistance Program.
- 22) Makes technical changes to the Expanded Learning Opportunity Program and adds back the three-year Rate 1 funding guarantee language.
- 23) Makes the following changes for purposes of transitional kindergarten funding through LCFF:
 - a) Clarifies that transitional kindergarten class size requirements are not subject to collectively bargained class size alternative for purposes of calculating the transitional kindergarten average class size requirements.
 - b) Clarifies how class size and adult-to-pupil ratio should be defined for purposes of calculating the Local Control Funding Formula for Transitional Kindergarten, and clarifies CDE authority on expanded learning wrap for TK, using State Preschool contracts.

- c) Clarifies how fiscal penalties for failing to meet Transitional Kindergarten requirements should be calculated.
- 24) Extends the sunset for the district of choice program through July 1, 2028.
- 25) Extends the sunset for graduation requirements related to career technical education through July 1, 2027.
- 26) Adds exceptions for students participating for fewer than 15 schooldays and make conforming changes for purposes of the independent study program.
- 27) Adds back provision that allowed LEAs to obtain a signed master agreement within 30 days of the first day of independent study instruction.
- 28) Clarifies that the cost-of-living-adjustment should not be counted twice in the base rate for special education.
- 29) Clarifies a provision of current law, which allows local governments to condition the approval of new residential development on the basis of the adequacy of school facilities in the event that a future statewide school facilities bond fails passage, does not apply if non-bond state resources are provided for school facilities.
- 30) Redefines TK children as school-age for purposes of school age community care licensing.
- 31) Provides authority for rule-making for purposes of income determination for child care eligibility.
- 32) Increases the mental health adjustment for direct contract child care programs to 1.1, providing parity with the CSPP.
- 33) Shifts the reporting deadline from June 30, 2023 to June 30, 2024 for the 2021 Kitchen Infrastructure and Training Funds.
- 34) Updates appropriations to ensure direct contractors receive a rate supplement in 2021-22 and 2022-23 equivalent to the difference between their current contract rate and the 85th percentile of the 2018 RMR.
- 35) Extends the encumbrance period for the Model Curriculum Coordinating Council through June 30, 2025.
- 36) Specifies that Computer Science is its own content area with standards and credentialing requirements apart from science for the Math and Science Professional Development Fund.
- 37) Clarifies the funding allocation for the Educator Workforce Investment.
- 38) Amends the Arts, Music, and Instructional Materials Discretionary Block Grant to clarify eligible uses, the allocation methodology be per unit of ADA, and add language to calculate average daily attendance for State Special Schools.

Fiscal Effect: Appropriates approximately \$4 million to administer the Preschool Statewide Workgroup and the Preschool Planning Grants, \$2 million for alternative care and 16 additional non-operative days for state subsidized child care programs, due to COVID-19 related closures, and increases the child care stipend allocations by \$2 million.

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

Bill No:	AB 190	Hearing Date:	August 29, 2022
Author:	Committee on Budget		
Version:	August 26, 2022 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Christopher Francis		

Subject: Higher education budget 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: AB 178 (Ting), Chapter 45, Statutes of 2022 and AB 183 (Committee on Budget), Chapter 54, Statutes of 2022 included the June budget agreement for higher education. AB 178 included \$200 million Proposition 98 General Fund appropriation as part of an ongoing augmentation to the Part Time Faculty Health Insurance Program within the California Community College system. AB 178 also included legislative intent language to provide \$900 million General Fund in the Budget Act of 2023, and an additional \$900 million General Fund in the Budget Act of 2024, 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.

AB 183 contained legislative intent language to consider changes to the Part Time Faculty Health Insurance 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.

AB 190 makes necessary changes to these aforementioned, and other, programs to implement the higher education provisions adopted as a part of the Budget Act of 2022.

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

- 1) **California Student Housing Revolving Loan Fund Act of 2022.** Per agreement in the Budget Act of 2022, establishes the California Student Housing Revolving Loan Fund to provide zero-interest loans to qualifying campuses at the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) for the purpose of constructing affordable student, faculty, and staff housing. States that the fund will receive \$1.8 billion in 2023-24 and 2024-25 and creates a process for the California School Finance Authority and the California Educational Facilities Authority to create and receive applications from campuses, and distribute funds.
- 2) **Part-Time Faculty Health Insurance Program at CCC.** Includes programmatic changes to ensure districts are providing quality, affordable and accessible healthcare coverage to all eligible part-time faculty. The Budget Act of 2022

includes \$200 million ongoing Proposition 98 General Fund to augment the Part-Time Faculty Health Insurance Program to expand healthcare coverage provided to part-time faculty by community college districts.

- 3) **Higher Education Student Housing Grant Program.** Clarifies application deadlines, information to be submitted to the Legislature, Joint Legislative Budget Committee, Department of Finance, and makes a technical correction related to appropriations for budget years 2022-23 and 2023-24.
- 4) **Classified School Employee Summer Assistance Program.** Adds a clarifying definition to existing statute.
- 5) **Asian American, Native Hawaiian, and Pacific Islander Student Achievement Program.** Clarifies information and timeline for reports submitted to the Legislature, staffing of statewide office that will implement the programs at CSU and CCC, and process for allocations to participant campuses.
- 6) **California Student Aid Commission Cohort Default Rate Appeal Authority.** Gives the California Student Aid Commission the temporary authority to grant an appeal for Cal Grant participation for academic year 2023-24 if an institution failed to meet the cohort default rate solely due to acquisition of an out-of-state institution that impacted its cohort default rate, and the acquired institution has since closed.
- 7) **Middle Class Scholarship 2.0 minimum award amount.** Includes a “minimum award” provision that ensures that any recipient is awarded at least \$90.
- 8) **NextUp.** Makes clarifying changes to eligibility so that current or former foster youth are eligible for NextUp regardless of whether they meet eligibility criteria for additional programs or services.

Fiscal Effect: This bill is a budget trailer bill within the overall 2022-23 budget package to implement actions related to higher education. This bill, as part of the Higher Education Student Housing Grant Program, appropriates an additional \$6 million General Fund, above the amount appropriated in AB 183, to the California State University, Humboldt to fully cover the costs of the campus’ construction project.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No:	AB 204	Hearing Date:	August 29, 2022
Author:	Committee on Budget		
Version:	August 26, 2022 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Scott Ogus		

Subject: Health Omnibus

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:

Department of Health Care Access and Information (HCAI)

1) Abortion Practical Support Fund

- a. Clarifies the definition of “practical support” to include financial or in-kind assistance to help a person access and obtain an abortion in California.
- b. Clarifies use of funding specifically for programs and services that increase patient access to abortion.
- c. Requires implementation consistent with legislative intent to support access to abortion in California and build upon its commitment to be a reproductive freedom state.

2) Office of Health Care Affordability

- a. Makes technical, clarifying changes to reporting and cost target provisions for the Office of Health Care Affordability.

3) Nurse Practitioner and Physician Assistant Training Programs

- a. Adds postgraduate nurse practitioner and physician assistant training programs to the Song-Brown Healthcare Workforce Training Program, consistent with funding provided in the 2022 Budget Act.

Department of Health Care Services (DHCS)

4) Clinic Workforce Stabilization Retention Payments

- a. Authorizes DHCS to provide funding to eligible clinics to provide retention payments of up to \$1,000 to eligible workers.

- b. Requires clinics to provide retention payments to eligible workers within 60 days of receipt of funds from DHCS.
- c. Requires DHCS to post on its website the amount each clinic site received, and the total number of eligible employees per clinic.
- d. Authorizes the transfer of unspent funds for this purpose to the Department of Health Care Access and Information to support workforce development programs that support primary care in clinics, including teaching health center residency programs, the State Loan Repayment Program, the Allied Healthcare Scholarship Program, the Allied Healthcare Loan Repayment Program, nurse practitioner postgraduate workforce training, or physician assistant postgraduate workforce training.
- e. Establishes a process for resolving disputes regarding whether an employee is eligible for retention payments, the retention payment amount, or the failure of a clinic to provide the payment.

5) Share of Cost Reform

- a. Updates statute to properly reflect the operative date of reforms adopted in the 2022 Budget Act to increase eligibility for Medi-Cal by increasing the maintenance need income level.

6) Continuous Medi-Cal Coverage for Children 0 to 4

- a. Adds the County Children's Health Insurance Program to the Medi-Cal programs for which children zero to four years of age will remain continuously eligible, pursuant to actions taken in the 2022 Budget Act.

7) Copayments in the Medi-Cal Program

- a. Repeals authority to impose copayments for services provided in the Medi-Cal program, effective July 1, 2022.

8) Medi-Cal Physicians and Dentists Loan Repayment Program

- a. 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.

Department of State Hospitals

9) Incompetent to Stand Trial Solutions

- a. Deletes obsolete references to state hospital commitment categories that no longer participate in diversion.

- b. Aligns language for consistency between code sections regarding involuntary medication orders and competency evaluations.
- c. Requires the sharing of patient information, as necessary, with district attorneys for the purposes of commitment, recommitment, or petitions for release, unless otherwise prohibited by law.

10) Institute for Mental Disease Subacute Programs

- a. Allows DSH to contract for new construction, in addition to existing infrastructure, for the Institute for Mental Disease (IMD) Subacute Program.

California Health Benefit Exchange

11) Federal Fund Grant Authority

- a. Authorizes the expenditure of federal funds by the California Health Benefit Exchange, related to a recent federal grant.

Fiscal Effect: 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.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 207 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 26, 2022 As amended
Urgency: No **Fiscal:** Yes
Consultant: Mareva Brown

Subject: Human services omnibus

Summary: This bill makes various changes to the California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh nutrition programs including:

- 1) Requires the State Department of Social Services (DSS) to consult with the California Work Opportunity and Responsibility to Kids (CalWORKs) Outcomes and Accountability Review (Cal-OAR) workgroup in the fall of 2022 to develop recommendations to mitigate the existing emphasis on penalties for not complying with the federal work participation rate while implementing the first cycle of the Cal-OAR process. Requires the department to submit recommendations to the Legislature on or before April 15, 2023.
- 2) Requires the DSS to reconsider the costs of county operations in the CalWORKs single allocation for the 2024–25 fiscal year, and for every third fiscal year thereafter. Requires the DSS to provide information to the legislative budget committees regarding this reconsideration.
- 3) Requires the DSS to review CalFresh costs of county operations for the 2027–28 fiscal year and every third fiscal year thereafter. Requires consultation with legislative staff, advocates, organizations that represent county workers, and representatives of county human services agencies and the County Welfare Directors Association of California (CWDA) and requires the DSS to provide information to the legislative budget committees regarding this review.

Makes various changes to the California child welfare system including the following:

- 4) Establishes, the Excellence in Family Finding, Engagement, and Support Program, administered by the DSS to conduct specialized permanency work with a focus on establishing and maintaining permanent connections for foster children, as specified and subject to appropriation. Features of this program include:
 - a. Requires a county that elects to participate in the program to provide a match of local funds, which may include specified in-kind contributions, equal to one half of all state funds provided to the county under the program.

- b. Requires a participating county to provide information to the department on which of the specified activities it has performed. These may include training in family finding techniques, enhanced staffing or tools to identify, locate and engage persons related to a foster child by blood or marriage, identification and engagement of other family-like relationships, outreach to adults who may be able to identify and engage family and family-like relationships, specialized training for caseworkers, or other specified uses.
 - c. Authorizes a participating county to elect to contract with a nonprofit community-based organization to provide services pursuant to the program.
 - d. Prohibits funds allocated under the program from being used to supplant existing family finding and engagement programs, and requires counties to maintain records demonstrating that program funds have not supplanted existing program funding.
 - e. Requires the DSS to establish procedures for program data collection and reporting by counties and participating tribal entities, and to establish procedures for tracking and reporting program outcomes measures.
 - f. Requires the DSS to develop an allocation methodology for counties that elect to receive funds under the program and requires the DSS to make funds available to participating counties according to the allocation methodology on or before March 1, 2023. Requires the DSS to consult with Indian tribes to develop an allocation methodology and procedures for program participation for Indian tribes, consortia of tribes, or tribal organizations.
- 5) Requires the department to establish, or contract for the establishment of, the Center for Excellence in Family Finding, Engagement, and Support, subject to appropriation.
- a. Requires the Center to provide, or contract for the provision of, multitiered, culturally appropriate training and technical assistance to county child welfare and probation departments, participating tribes, and foster care providers.
 - b. Requires the Center to train family finding and engagement program staff to ensure best practices.
- 6) Establishes the Tribally Approved Homes Compensation Program to provide at least \$75,000 annually to any federally recognized Indian tribes located in California, or with lands that extend into California, for the costs associated with recruiting and approving homes for foster or adoptive placement of an Indian child pursuant to Indian Child Welfare Act of 1978 (ICWA). Requires an Indian tribe that receives funding to submit a progress report to the department describing how the tribe administered the funds. Requires the department annually to provide to the budget committees of the Legislature a report

summarizing the information and data provided by the Indian tribes in their progress reports.

- 7) Establishes the Tribal Dependency Representation Program to provide funding to assist any federally recognized Indian tribe located in California, or with lands that extend into California, in funding legal counsel to represent the Indian tribe in a California Indian child custody proceeding in the juvenile court. Requires an Indian tribe that seeks funding for this purpose to submit an annual letter of interest to the department. Requires the department, subject to an appropriation in the annual Budget Act, to provide each Indian tribe that enters into a specified agreement and submits a letter of interest an annual base allocation of \$15,000 for legal counsel, as specified. Requires an Indian tribe that receives funds to submit an annual progress report regarding the number of Indian child custody proceeding hearings to the department, as specified.
- 8) Authorizes the DSS to implement and administer provisions relating to the Child Welfare Services/Case Management System (CWS/CMS) and the replacement system, the Child Welfare Services– California Automated Response and Engagement System (CWS-CARES), through all-county letters or similar instructions, until final regulations are adopted. Requires the DSS to include an update on the development of regulations as part of legislative updates that occur pursuant to current law, and, by October 1, 2024, to provide a formal update on the status of the development of regulations to the Legislature.

Makes various changes to the state's child support program including:

- 9) Requires, in compliance with the federal Flexibility, Efficiency, and Modernization in Child Support Final Rule of 2016, the following:
 - a. Suspension of a money judgment or order for child support for a paying parent who is incarcerated or involuntarily institutionalized effective on the first day of the first full month of incarceration or involuntary institutionalization. Includes involuntary confinement in a federal prison in this criteria. Eliminates the exemption from suspension for a person owing support who was incarcerated or involuntarily institutionalized for domestic violence, thereby allowing the suspension of a money judgment or order against that person. Makes these provisions applicable to any child support obligation that accrues regardless of when the child support order was established.
 - b. Requires the Judicial Council of California to include additional data in its periodic review of the statewide uniform guideline for child support, including labor market data, such as employment and unemployment rates, among others.
 - c. Requires the court, when determining earning capacity of a parent in lieu of the parent's income, to consider the specific circumstances of the parent, including the parent's assets, educational attainment, health, and other factors. Also prohibits the court from considering incarceration or

involuntary institutionalization as voluntary unemployment in establishing and modifying support orders.

- 10) Implements statutory changes for a full pass through of child support for formerly assisted families in the CalWORKs program. Requires any amount of child support collected in a month in payment of an assigned support obligation to be passed through to a former recipient of CalWORKs aid, except recipients of specified foster care payments. Requires aid that cannot be delivered to a former CalWORKs recipient for a period of six months to instead be sent to recoup aid paid on behalf of the recipient. Makes those provisions operative on July 1, 2023, or when the Department of Child Support Services provides the Legislature with specified notifications whichever date is later.
- 11) Requires the Department of Child Support Services (DCSS) to monitor the number of claims made after payments are sent for recoupment and to provide this information to specified committees of the Legislature, as specified.
- 12) Requires, no later than May 1, 2023, the DSS, in collaboration with the DCSS, to submit a report to the Legislature providing an evaluation of the passthrough for formerly assisted families, including a review of any potential unintended impacts, both positive and negative, and potential solutions to address any identified unintended impacts.
- 13) Provides that on January 1, 2024, or the date when automation can be completed, whichever is later, that the state will exempt the reasonably anticipated full amount of support passed through to families from being deducted from the amount of aid to which an assistance unit would be eligible. Also exempts any other child support payments as income and resources for purposes of determining initial and continued eligibility and grant amount for the CalWORKs program, as specified.
- 14) States legislative intent for the DCSS to implement a full passthrough of child support payments collected to families currently receiving CalWORKs benefits by January 1, 2025.
- 15) Requires the DSS, in conjunction with the DCSS, to convene a workgroup that consists of representatives from the Legislature, the County Welfare Directors Association of California, advocates for low-income families with children and noncustodial parents to evaluate unintended consequences of enacting a full pass through of child support payments to custodial families currently receiving CalWORKs benefits. Requires the DSS to submit a report by April 1, 2024, to the Legislature that summarizes the workgroup conversations and includes proposed mitigation strategies for preventing unintended consequences.

Makes technical changes to the Office of Youth and Community Restoration, including:

- 16) Authorizes, until January 1, 2028, the Office of Youth and Community Restoration to establish grantmaking programs with the funding designated in the Budget Act of 2021 and with other funding available for that purpose by means of information notices without taking further regulatory action. Additionally

authorizes, until January 1, 2028, the Office to enter into exclusive or nonexclusive contracts, or amend existing contracts, on a bid or negotiated basis for purposes of implementing activities funded by the Budget Act of 2021 and other funding available for these purposes and would exempt those contracts from compliance with specified laws.

- 17) Incorporates double jointing provisions to avoid a chaptering out potential for Section 2200 of the Welfare and Institutions Code if both this bill and Assembly Bill 2417 are enacted.

Makes additional changes to statute including:

- 18) Extends the sunset for the Limited Examination and Appointment Program (LEAP) and, correspondingly, the date for the Department of Human Resources to provide an alternative to the traditional civil service examination and appointment process to facilitate the hiring of persons with disabilities from January 1, 2023 to January 1, 2024.
- 19) Appropriates \$3,000,000 in federal funds to the DSS for the Tribally Approved Homes Compensation Program.
- 20) Declares that that this bill is to take effect immediately as a bill providing for appropriations related to the Budget Act of 2022, and includes provisions to recognize that the California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Fiscal Effect: Appropriates \$3,000,000 in federal funds to the Department of Social Services for the Tribally Approved Homes Compensation 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

Bill No:	AB 209	Hearing Date:	August 29, 2022
Author:	Committee on Budget		
Version:	August 28, 2022 As amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Anita Lee		

Subject: Energy and climate change

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

Proposed Law: Specifically, this bill:

- 1) **Industrial Grid Support and Decarbonization Program.** Establishes the Industrial Grid Support and Decarbonization Program at the California Energy Commission (CEC) to provide financial incentives for industrial facilities to purchase and deploy advanced technology and equipment to support grid reliability, electrify processes, incorporate energy storage or renewable energy resources, increase energy efficiency, and develop or deploy decarbonization technologies.
- 2) **Food Production Investment Program (FPIP).** Establishes FPIP at the CEC to provide financial incentives to projects that accelerate the adoption of advanced energy technologies, and other decarbonization technologies at facilities that are involved in food production and process, and other related support facilities to reduce emissions of greenhouse gases.
- 3) **Hydrogen Program.** Establishes the Hydrogen Program at the CEC to provide financial incentives to eligible in state hydrogen projects, as specified for demonstration or scale-up of production, processing, delivery, storage or end use. The bill prioritize projects that benefit geographically diverse areas of the state.
- 4) **Equitable Building Decarbonization Program.** Establishes the Equitable Building Decarbonization program at the CEC that includes a direct installation program and a statewide incentive program for low carbon building technologies. The direct install program shall be provided at minimum or no cost to low-to-moderate income residents, as specified.
- 5) **Offshore Wind Infrastructure Improvements.** Requires the CEC to establish and administer a program to support offshore wind infrastructure improvements to advance the capabilities of California's ports, harbors, and other water front facilities to support the build out of offshore wind facilities. Funding may be used to support developing retrofit concepts and investment plans, environmental studies and review, construction of retrofits, among others.

- 6) **Data Sharing.** Authorizes the California Independent System Operator to share information with a State Agency.
- 7) **Climate Catalyst Fund.** Establishes the Clean Energy Transmission Financing Account within the Climate Catalyst Revolving Loan Fund. Authorizes the Climate Catalyst program to support clean energy transmission projects. Specifies that the initial projects shall support transmission lines in the Salton Sea region, with future projects to other areas, as specified. The bill also authorizes the Public Utilities Commission (CPUC) and CEC to use climate catalyst projects to leverage federal financing.
- 8) **Carbon Removal Innovation Program.** Establishes the Carbon Removal Innovation Program to provide financial incentives for eligible projects that advance technologies for direct air capture of atmospheric carbon. Eligible projects shall include technology research, development and demonstration, and prototype and pilot research test centers to remove atmospheric carbon. The bill requires the CEC to consult with specified state and local agencies. The bill requires reporting on projects awarded and outcomes.
- 9) **Planning Reserve Margin.** Requires the CEC to develop recommendations by December 31, 2023 on approaches to determine the appropriate minimum planning reserve margin for local publicly owned electric utilities, as specified.
- 10) **Voluntary Offshore Wind and Coastal Protection Program.** Establishes the Voluntary Offshore Wind and Coastal Resources Program at the CEC to support state activities that complement or support federal laws related to the development of offshore wind facilities. The bill establishes the Voluntary Offshore Wind and Coastal Resources Protection Fund, which may accept federal and private sector moneys for this purpose.
- 11) **Self-Generation Incentive Program (SGIP).** Establishes a program within SGIP to provide incentives to eligible residential customers, including those in publicly owned utilities (POU), to support behind-the-meter solar photovoltaic systems and energy storage systems, as specified. Seventy percent of these incentives will be for low-income residents who install new behind-the-meter solar photovoltaic systems paired with energy storage systems or new energy storage system. Thirty percent of incentives will be to residential customers who install new storage systems.
- 12) **Climate Innovation Program.** Establishes the Climate Innovation Program at the CEC to provide financial incentives to California headquartered companies, as defined, for developing and commercializing technologies that help the state meet its greenhouse gas reduction targets and achieve its climate goals, or enable the state to be more resilient to impacts of climate change. Specifies that grant recipients, if there is a liquidity event, as specified, repay the amount of the financial incentive plus an additional 20 percent. Specifies that each financial incentive shall include performance metrics, including jobs created and environmental benefits.
- 13) **Public Utilities Commission Audits and Reviews.** Makes a variety of changes to the auditing process of the CPUC. Specifically, the bill authorizes the CPUC to apply a risk-based methodology to conduct audits or review of program related activities,

as specified. The bill requires the CPUC to conduct a review or audit of books of records of every electrical or gas corporation at least once every five years, and every high-risk telephone, water or sewer corporation at least once every ten years.

- 14) **Independent System Operator Participation.** Requires specified electrical corporations to participate in the Independent System Operator (ISO), and prohibits them from withdrawing their facilities from the operational control of the ISO without CPUC approval, as specified.
- 15) **Lithium Extraction Sales and Use Tax Exclusion.** Authorizes the California Alternative Energy and Advanced Transportation Financing Authority (CAETFA) to provide an additional \$15 million of sales and use tax exclusions in the 2022, 2023, and 2024 calendar year for projects that manufacture, refine, extract, process, or recover lithium. Allows CAETFA to consider, in addition to the required existing criteria for these projects, specific criteria relating to relocation of projects to California from states that have enacted certain legislation.
- 16) **Salton Sea Lithium Fund.** Renames the Lithium Subaccount within the Salton Sea Restoration Fund as the Salton Sea Lithium Fund and establishes the fund in the State Treasury.
- 17) **Hydrofluorocarbons Refrigerants.** Requires the California Building Standards Commission to consider adopting specified consensus safety standards. Specifies that if the commission does not adopt the consensus safety standards, then on July 1, 2024, no state or local building code shall prohibit the use of refrigerants listed as acceptable under the provisions of the federal Clean Air Act, as specified.
- 18) **Indoor Air Standards.** Requires the Department of Housing and Community Development to submit policy recommendations to the Legislature by January 1, 2025 to help ensure that residential dwelling units can maintain safe indoor temperature, as specified.
- 19) **Energy Projects and Consultation.** Existing law requires specified completed energy project applications to be submitted to California Native American tribes that are culturally and traditionally associated with the geographic area. This bill revises the related consultation requirements, and specifies that the treatment of tribal cultural resources shall comply with existing law. Additionally, the bill specifies that if the CEC concludes that a tribal cultural resource would be adversely impacted, then the CEC shall require tribal monitors at the site, as specified.
- 20) **Demand Side Grid Support Program.** Specifies that eligible recipients of the Demand Side Grid Support Program shall include all energy customers, except those already enrolled in a demand response or energy load reduction programs, as specified. The bill authorizes CEC, in consultation with the CPUC, to adopt additional participation requirements or limitations.
- 21) Makes other various clarifying and technical changes.

Fiscal Effect: Creates the Voluntary Offshore Wind and Coastal Resources Protection Fund and Private Donations Account.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2021 - 2022 Regular

Bill No: AB 211 **Hearing Date:** August 29, 2022
Author: Committee on Budget
Version: August 28, 2022 As amended
Urgency: No **Fiscal:** No
Consultant: Joanne Roy

Subject: Resources

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

- 1) **Department of Pesticide Regulation (DPR): Pest Control: Implementation of Licensing Enhancements (cleanup).** Authorizes the Director of DPR to request specified information if the director finds or suspects that a sample taken or inspected from produce carries pesticide residue in excess of permissible tolerance and increases specified fines and penalties.
- 2) **Department of Conservation: Geologic Energy Management Division (CalGEM): Oil and Gas: Shall-Witness and May-Witness Operations: Witnessing In Person or Remotely.** Until January 1, 2028, explicitly authorizes CalGEM to witness may-witness operations remotely, and requires CalGEM to prioritize witnessing of may-witness operations in person to the maximum extent feasible. Requires CalGEM to include in an annual report to the Legislature specified information regarding shall-witness and may-witness operations.
- 3) **Department of Toxic Substances Control (DTSC): Hazardous Materials Fees (cleanup).** Includes cleanup language related to fees and charges.
- 4) **Forest Health: California Environmental Quality Act (CEQA): Exemption: Prescribed Fire, Reforestation, Habitat Restoration, Thinning, and Fuel Reduction Projects.** Extends the sunset from January 1, 2023 to January 1, 2028 for the CEQA exemption related to prescribed fire, thinning, and fuel reduction projects undertaken on federal lands to reduce the risk of high-severity wildfire that have been reviewed under the National Environmental Policy Act if certain conditions are met. This provision expands the exemption to include projects undertaken in whole or in part on federal lands as well as projects funded by tribal cultural burn and tribal wildfire funding authorized by the Budget Act of 2021. This provision includes specified notification requirements.
- 5) **Hexavalent Chromium.** States the intent of the Legislature, upon an appropriation in the Budget Act for the 2023-24 fiscal year, to make available \$10 million to the Air Resources Board (ARB) to assist with the necessary transition away from the use of hexavalent chromium.

- 6) **California Beverage Container Recycling and Litter Reduction Act (Bottle Bill).** Extends the sunset of the plastic market development payment authorization from July 1, 2022 to July 1, 2025. This bill requires CalRecycle to adopt emergency regulations to establish requirements for the operation of bag drop machines, such as maximum daily consumer redemption values, requirements for the bag drop machine to accept all types of beverage containers, and tracking and reporting requirements. This bill requires CalRecycle to provide on its website information that enables consumers to identify the geographic location of all points of redemption for beverage containers.
- 7) **Bottle Bill: Quality Incentive Payments: Thermoform Plastic Containers.** Authorizes the Department of Resources Recycling and Recovery (CalRecycle) to pay a quality incentive payment to a certified recycling center for thermoform plastic containers diverted from curbside recycling programs, as specified.
- 8) **Climate Change: Community Resilience Center Program: Grant Program.** Establishes the Community Resilience Center Program, which is to be administered by the Strategic Growth Council, in coordination with the Office of Planning and Research.
- 9) **Hollister Ranch.** Provides that the environmental review set forth in the Final Programmatic Environmental Impact Report for the Hollister Ranch Coastal Access Program (in the County of Santa Barbara), in combination with other environmental review documents, is conclusively presumed to satisfy CEQA for a project to effectuate public access and associated facilities undertaken or approved by a public agency.
- 10) **Water: Drought Response: Interim or Immediate Relief (cleanup).** Adds to the definition of “interim or immediate relief” certain activities to increase water conservation and drought resilience planning and includes post-performance monitoring as an eligible cost for interim or immediate relief.
- 11) **Fire Prevention: Moderate and High Fire Hazard Severity Zones (SB 63 (Stern) cleanup).** Requires a local agency to designate moderate and high fire hazard severity zones within 120 days of receiving recommendations from the State Fire Marshal (SFM). This provision also authorizes a local agency, at its discretion, to include areas within its jurisdiction, not identified as moderate and high fire hazard severity zones by the SFM, as moderate and high fire hazard severity zones; and prohibits the local agency from decreasing the level of fire hazard severity zone as identified by the SFM.
- 12) **ARB: Medium- and Heavy-Duty Fleet Purchasing Assistance Program: Zero-Emission Vehicles (ZEVs) (SB 372 (Leyva) cleanup).** Makes ARB solely responsible for the development and implementation of the Medium- and Heavy-Duty ZEV Fleet Purchasing Assistance Program and eliminates or transfers all of the California Pollution Control Financing Authority’s duties under the program.
- 13) **Zero-Emission Vehicle (ZEV) Investments.** Specifies the intent of the Legislature to allocate funding in the future for ZEV investments.

- 14) **Solid Waste: Plastic Pollution Prevention and Packaging. Producer Responsibility Act (SB 54 (Allen) cleanup).** Deletes the requirement to consider organic waste in establishing a recycled content requirement and includes a technical change.
- 15) **Public Resources: 2021 Budget.** Allocates funding to various programs in the Budget Act of 2021 related to natural resources.
- 16) **Legislative Priorities.** Provides funding to various programs, upon appropriation by the Legislature, in fiscal years post-2022-23.

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

Support: None on file.

Opposition: None on file.

-- END --