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CALIFORNIA STATE SENATE

COMMITTEE ON BUDGET AND FISCAL REVIEW

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Scott Wiener, Chair

Agenda

June 25, 2025

10:00 a.m. – 1021 O Street, Room 1200

| <u>BILL</u> | <u>AUTHOR</u> | <u>SUBJECT</u> |
|--------------------|----------------------|--|
| AB 102 | Gabriel | Budget Act of 2025 |
| AB 103 | Gabriel | Budget Acts of 2022, 2023, and 2024 |
| AB 116 | Committee on Budget | Health |
| AB 118 | Committee on Budget | Human Services |
| AB 120 | Committee on Budget | Early Childhood Education and Childcare |
| AB 121 | Committee on Budget | Education |
| AB 123 | Committee on Budget | Higher Education |
| AB 124 | Committee on Budget | Resources |
| AB 127 | Committee on Budget | Climate Change |
| AB 128 | Committee on Budget | Transportation |
| AB 129 | Committee on Budget | Labor |
| AB 130 | Committee on Budget | Housing |
| AB 132 | Committee on Budget | Taxation |
| AB 134 | Committee on Budget | Public Safety |
| AB 136 | Committee on Budget | Courts |
| AB 137 | Committee on Budget | State Government |
| AB 139 | Committee on Budget | State Bargaining Units 9 and 12 |
| AB 140 | Committee on Budget | State Bargaining Unit 6 |
| AB 141 | Committee on Budget | Cannabis |
| AB 142 | Committee on Budget | Deaf and Disabled Telecommunications Program |
| AB 143 | Committee on Budget | Development Services |

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

| | | | |
|--------------------|---------------|----------------------|---------------|
| Bill No: | AB 102 | Hearing Date: | June 25, 2025 |
| Author: | Gabriel | | |
| Version: | June 24, 2025 | As amended | |
| Urgency: | No | Fiscal: | Yes |
| Consultant: | Elisa Wynne | | |

Subject: Budget Act of 2025

Summary: This is a Budget Bill Junior associated with the Budget Act of 2025. This bill makes technical and substantive changes to the Budget Act.

Background: On June 13, 2024, the Legislature passed SB 101 (Wiener, 2025), which represented the Legislature's budget. This bill makes changes to SB 101. The 2025-26 budget includes total spending of approximately \$321.1 billion, of which \$228.4 billion is from the General Fund. Specifically, this bill:

Proposed Law:

K-12 Education

- 1) Provides \$1 million and eight positions at the Department of Education to support the state administration of the California State Preschool Program.
- 2) Includes the legislative intent that the per-unit rate for Tier 2 schools in the Expanded Learning Opportunities Program be no less than \$1,575 in 2025-26.
- 3) Updates the expenditure authority for programs administered by the Department of Education to reflect available federal funds.
- 4) Provides parity for California State Preschool Program providers with the childcare package in the 2025 Budget.
- 5) Re-appropriates \$2 million for California School for the Deaf in Fremont.
- 6) Appropriates \$5 million General Fund for Save the Children.
- 7) Includes \$2 million for local educational agency mandate costs for the Free Application for Federal Student Aid notifications.
- 8) Re-appropriates \$209,000 for the Education Audit Appeals Panel.
- 9) Provides \$422,000 Teacher Credentials Fund and 2 positions for the Commission on Teacher Credentialing to support legal staffing needs.

- 10) Appropriates \$250,000 one-time General Fund to support the administration of educator recruitment and retention programs, available through June 30, 2028.

Higher Education

- 11) Includes \$800,000 to the State Library to support programming at the Braille Institute.
- 12) Includes provisional language to authorize an increase in the appropriation amount for the Bureau for Private Post-Secondary Education in response to increased legal costs and expenses.
- 13) Reappropriates \$4.29 million to support payroll at the State Library.
- 14) Includes provisional language to clarify that short term loans to the University of California and California State University in the 2025-26 fiscal year are zero interest, for purposes of mitigating budget year deferrals.
- 15) Includes \$1 million for the University of California Firearm Violence Research Center to support research.
- 16) Includes \$1.8 million to support the First Star Foster Youth Program at the University of California.
- 17) Includes \$5 million one-time for the University of California, San Diego, to develop a bachelor's degree program in public health in South San Diego.
- 18) Includes \$750,000 one-time General Fund to the University of California, Los Angeles, to research social media.
- 19) Includes \$1.8 million one-time General Fund to the University of California, San Francisco, to establish a dentistry pilot program.
- 20) Includes \$3 million one-time General Fund to support the University of California Menopause Center
- 21) Includes \$2.5 million one-time General Fund to support the University of California, San Diego, ALERTCalifornia program.
- 22) Includes \$3.6 million one-time General Fund to the University of California, Office of the President, for campus climate and antidiscrimination efforts.
- 23) Includes \$1.5 million one-time General Fund to support the PRIME Central Coast Program at University of California, Davis, in collaboration with the University of California, Santa Cruz.
- 24) Includes \$4.5 million one-time General Fund to support the University of California, Davis Transportation Research Center.

- 25) Includes \$806,000 one-time General Fund to support Cal State Northridge Student Success and Inclusion Center infrastructure.
- 26) Includes \$12 million for the Common Cloud Data Platform initiative at the California Community Colleges and additional reporting requirements.
- 27) Reduces the Middle Class Scholarship program by \$918 million and includes provisional language that sets the program's student award level at 35% for the 2025-26 academic year, includes an estimated appropriation of \$918 million in 2026-27 to pay for 2025-26 program costs, and authorizes access to a zero-interest short-term loan structure to the California Student Aid Commission to cover program costs in the 2025-26 fiscal year.
- 28) Includes \$50 million one-time General Fund to support Cal State Sonoma and enrollment decline at the California State University.

Resources

- 29) Appropriates \$39 million General Fund in 2025-26 and states the intent of the Legislature to appropriate \$78 million General Fund ongoing to transition seasonal firefighter positions to permanent positions.
- 30) Increases wages for incarcerated firefighters via the Emergency Fund with an appropriation of \$10 million General Fund ongoing.
- 31) Appropriates \$3 million General Fund for a home hardening certification program contingent upon passage of future legislation.
- 32) Appropriates \$9.5 million General Fund to the Department of Forestry and Fire Protection (CalFire) for local assistance to the California Fire Safe Council for purposes of the Wildfire County Coordinator Program.
- 33) Appropriates \$2 million General Fund to the Department of Fish and Wildlife for the Wolf-Livestock Compensation Program.
- 34) Reverts \$140 million General Fund from previous Climate-Energy Package appropriations.
- 35) Repeals reversion of up to \$226.7 million General Fund to the California Natural Resources Agency and approves reappropriation of \$125 million General Fund to the Department of Water Resources.
- 36) Appropriates \$562,000 Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Proposition 4) funding to the California Natural Resources Agency, \$1.2 million Proposition 4 funding to the Department of Parks and Recreation, and \$246,000 Proposition 4 funding to the Department of Water Resources, for support staff setup of bond appropriations/systems.

- 37) Appropriates Proposition 4 funding to specified conservancies for support funding of wildfire prevention and resiliency funding provided in early action this year, Budget Acts of 2023 and 2024 (AB 100 (Gabriel), Chapter 2, Statutes of 2025).
- 38) Amends a provision related to Harbors and Watercraft Revolving Fund requiring the Administration, no later than January 10, 2027, to develop a comprehensive proposal designed to keep the HWRF in structural balance on an ongoing basis, in consultation with stakeholders.
- 39) Appropriates General Fund moneys to various departments for legislative priorities, as follows:
- a. \$1 million to the California Natural Resources Agency (CNRA) for the San Francisco Parks and Recreation Department for Portsmouth Square.
 - b. \$5 million to CNRA for the Los Angeles Holocaust Memorial.
 - c. \$5.4 million to CNRA for the Jewish Community Center of the East Bay for security and infrastructure.
 - d. \$1.5 million to CNRA for the City of San Diego vegetation management.
 - e. \$1.5 million to CNRA for Escondido YMCA infrastructure improvements and repairs.
 - f. \$3.1 million to CNRA for the Child & Family Center for facility purchase, infrastructure improvements, vehicle purchases, and services.
 - g. \$1.1 million to CNRA for the City of Santa Clarita for oil well capping.
 - h. \$13.6 million to CNRA for Clear Lake restoration.
 - i. \$2.5 million to CNRA for Rancho Bernardo Community Park.
 - j. \$3.6 million to the Department of Parks and Recreation (Parks) for the Will Rogers State Historic Park planning and construction of the visitor center and related fire-impacted facilities and makes the funding available for encumbrance or expenditure until June 30, 2028. (\$360,000 for preliminary plans, \$360,000 for working drawings, and \$2.88 million for construction.)
 - k. \$5 million to the Santa Monica Mountains Conservancy for wildfire prevention and enhancing public access to trails at San Vicente Mountain Park.
 - l. \$1 million to the State Water Resources Control Board (SWRCB) for the Sunset Boulevard Recycled Water Irrigation Improvement Project.
 - m. \$1 million to SWRCB for the City of San Juan Bautista for drinking water projects.
 - n. \$4 million to SWRCB for the San Lucas County Water District.
 - o. \$8 million to the California Department of Resources Recycling and Recovery (CalRecycle) for California Bioeconomy Innovation Campus in the North San Joaquin Valley (BEAM Circular).
- 40) Appropriates \$6.75 million General Fund one-time for the State Parks Library Pass Program.
- 41) Extends the period to liquidate funds to June 30, 2028 for appropriations to the Green Schoolyards Program from the 2022 Budget Act

Energy, Utilities, and Air Quality

- 42) Transfers \$81 million from the Greenhouse Gas Reduction Fund to the Motor Vehicle Account.
- 43) Appropriates \$1 billion Greenhouse Gas Reduction Fund in 2025-26 for Department of Forestry and Fire Protection (CalFIRE) operational costs. If General Fund projects to be in a deficit, the intent of the Legislature and the Governor is to appropriate the following amounts from the Greenhouse Gas Reduction Fund for similar activities: \$1.25 billion in 2026-27, \$500 million in 2027-28, and \$500 million in 2028-29. If the General Fund no longer projects to be in a deficit, the appropriation will decrease to \$500 million in 2026-27.
- 44) Appropriates \$1 million to the South Coast Air Quality Management District for mobile air monitoring systems.

Health

- 45) Extends the repayment period for a loan provided to Palomar Health under the Nondesignated Public Hospital Loan Program administered by the California Health Facilities Financing Authority (CHFFA).
- 46) Restores General Fund expenditure authority of \$7.4 million for the Department of Health Care Access and Information (HCAI) to support the Diaper Access Initiative, which will provide a three-month supply of diapers to every newborn born in California.
- 47) Authorizes expenditure authority from the Health Care Payments Data Fund of \$6.2 million for HCAI to support implementation of data collection related to the licensing and regulation of pharmacy benefit managers.
- 48) Authorizes General Fund expenditure authority of \$3 million to be available to the Northeast Valley Health Corporation for infrastructure improvements and expansion.
- 49) Authorizes General Fund expenditure authority of \$500,000 for the American Reproductive Centers Fertility Clinic in Palm Springs for repairs and structure improvements.
- 50) Authorizes General Fund expenditure authority of \$2 million for the Youth Mental Health Academy to support a Los Angeles cohort.
- 51) Includes provisional budget bill language to require HCAI to continue to consult with stakeholders in its Advisory Workgroup to develop recommendations on current and future policy for community health workers.
- 52) Includes provisional budget bill language to authorize HCAI to contract with an entity to administer behavioral health workforce initiatives under the Behavioral

Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration.

- 53) Reappropriates General Fund expenditure authority of up to \$5.6 million, originally authorized in the 2022 Budget Act, to support CalRx partnerships to manufacture, procure, and distribute generic or brand name drugs.
- 54) Restores expenditure authority of \$2.8 million (\$1.4 million General Fund and \$1.4 million federal funds) to support human resource modernization projects at the Department of Health Care Services (DHCS).
- 55) Reduces expenditure authority from the Behavioral Health Services Fund of \$25 million and increases expenditure authority from the Opioid Settlements Fund of \$20 million to support implementation of behavioral health transformation efforts by DHCS, pursuant to Proposition 1, approved by voters in March 2024.
- 56) Allocates General Fund expenditure authority of \$15 million in 2025-26 to backfill lost federal Title X dollars rescinded by the new federal Administration.
- 57) Allocates General Fund expenditure authority of \$50 million for DHCS to provide non-competitive grants to county behavioral health departments to support the implementation of Proposition 36, approved by the voters in November 2024.
- 58) Allocates General Fund expenditure authority of \$2 million for DHCS to support the urgent needs and emergent issues of children and youth, including the promotion and enhancement of next generation digital support tools for mental health.
- 59) Rescinds expenditure authority from the Behavioral Health Services Fund of \$85 million that would have supported the CalHOPE Peer Run Warm Line, the Orange County Warm Line, the Parents Anonymous Warm Line, the ACEs Aware Initiative, and other legislative priorities.
- 60) Authorizes transfer of General Fund expenditure authority of \$15 million to support the Transgender, Gender Nonconforming, and Intersex (TGI) Wellness and Equity Fund.
- 61) Authorizes General Fund expenditure authority of \$3.5 million to support The ALS Network to provide a wraparound model of care for individuals diagnosed with amyotrophic lateral sclerosis (ALS) and their caregivers.
- 62) Makes various technical adjustments to expenditure authority for the California Department of Public Health (CDPH) from tobacco tax revenue received pursuant to Proposition 99.
- 63) Includes budget bill language to exempt CDPH from the Public Contract Code for the purposes of preparedness, mitigation, response, and recovery activities for national, state, regional, or local emergencies or threats.

- 64) Reappropriates General Fund expenditure authority, previously approved in the 2019 Budget Act, for a grant program at CDPH that supports activities that address lesbian, bisexual, transgender, and queer (LBTQ) women's health disparities.
- 65) Reappropriates General Fund expenditure authority, previously approved in the 2022 Budget Act, for a grant program at CDPH that supports increased capacity, training, and care for LGBTQ+ Foster Youth.
- 66) Reappropriates General Fund expenditure authority, previously approved in the 2022 Budget Act, for a grant program for community based organizations to provide comprehensive reproductive health and sexual health education, to promote awareness of reproductive health rights and services, and to conduct research into disparities in reproductive health access.
- 67) Reappropriates General Fund expenditure authority of up to \$3 million to support the California Parkinson's Disease Registry and California Neurodegenerative Disease Registry.
- 68) Reappropriates General Fund expenditure authority of up to \$2.5 million to support the Governor's Fitness Council.
- 69) Reduces the allocation for the Investment in Mental Health Wellness Act program at the Commission for Behavioral Health (CBH) from \$30 million to \$20 million, and eliminates a \$5 million augmentation for programs addressing substance use disorders among youth.
- 70) Authorizes additional expenditure authority from the Health Care Affordability Reserve Fund of \$25 million, to provide a total of \$190 million to Covered California to support a program of financial assistance, which may include premium subsidies, to improve health insurance affordability in the state's health benefit exchange for the 2026 coverage year.

Human Services

- 71) Appropriates \$60 million General Fund for all subsidized child care providers to receive a cost of living adjustment.
- 72) Appropriates an additional \$10 million General Fund to the Department of Social Services for immigration-related legal services, including removal defense.
- 73) Appropriates \$4.1 million from the State Health Facilities Citation Penalties Account to the Department of Aging for local long-term care ombudsman programs to investigate complaints made against long-term care facilities and to increase visits to those facilities for the purposes of ensuring residents' rights, safety, health, and quality of life.
- 74) Appropriates \$30.1 million General Fund to the Department of Social Services for implementation costs associated with paying child care and development providers prospectively, based on enrollment.

75)Appropriates \$7.5 million General Fund to the Department of Social Services for the YMCA of Metropolitan Los Angeles for Food Assistance and Legal Aid Services.

76)Makes other technical adjustments.

General Government

77)Appropriates \$3 million General Fund to the Department of Food and Agriculture for Animal and Human Health funding, including funding related to Avian Influenza.

78)Appropriates \$3 million General Fund to the Department of Food and Agriculture for Farm to School Technical Assistance Grants.

79)Appropriates \$12.5 million General Fund to the Department of Insurance for Community Home Hardening oversight and wildfire risk mitigation efforts, including measuring risk for communities and individual residential property owners.

80)Appropriates \$2.5 million General Fund for the Historic South Los Angeles Black Cultural District.

81)Appropriates \$1.5 million General Fund for a Workforce Development Coordinating Council.

82)Provides \$100 million in one-time 2025-26 General Fund for further implementation of the Downtown Fresno Infrastructure Plan.

83)Provides \$17 million in one-time 2025-26 General Fund for CA RISE to support funding for employment social enterprises.

84)Provides \$5 million in one-time 2025-26 General Fund for a Belonging Campaign.

85)Eliminates a \$15 million reduction to the Office of Community Partnerships and Strategic Communications, thus restoring the final scheduled year of funding for that office.

86)Provides \$5 million for a one-time 2025-26 General Fund augmentation for the College Corps program and restores ongoing annual General Fund appropriations to the program of \$83.6 million.

87)Eliminates a 25 percent cut to the Youth Job Corps program, thus restoring funding levels of \$68.1 million annually to the program.

88)Provides \$9.3 million in 2025-26 General Fund and annually after that for the Climate Action Corps through an appropriation.

- 89) Provides \$5 million in 25-26 General Fund for the California Student Success Coach program.
- 90) Repeals the reversion of \$350,000 in administrative funds for the Containerized Ports Interoperability Program and reappropriates that amount through June 30, 2026 instead.
- 91) Provides \$7.5 million in one-time 2025-26 General Fund for the SEED Initiative.
- 92) Provides \$2 million in one-time 2025-26 General Fund for the Initiating Change in Our Neighborhoods program.
- 93) Reappropriates funding and extends encumbrances to June 30, 2026 for a variety of Franchise Tax Board projects.
- 94) Makes other technical adjustments.

Housing & Homelessness

- 95) Provides \$100 million in one-time 2025-26 General Fund for the Encampment Resolution Fund.
- 96) Removes language expressing the intent of the Legislature to appropriate \$500 million for Round 7 of the Homelessness Housing, Assistance, and Prevention (HHAP) program (to be replaced by an appropriation of the equivalent amount in the Housing Budget Trailer Bill).
- 97) Provides \$4 million in 2025-26, \$6.2 million in 2026-27, and \$6.1 million annually after that from the General Fund for implementation of the Governor's proposed Reorganization Plan for the Business, Consumer Services, and Housing Agency (BCSH), contingent on the Plan going into effect.
- 98) Provides \$3 million in one-time 25-26 General Fund \$3,000,000 for workforce housing project infrastructure in the San Benito High School District.

Transportation

- 99) Appropriates \$4 million General Fund for the Sonoma-Marín Area Rail Transit District for freight rail operations and capital, and deferred maintenance.
- 100) Appropriates \$5 million General Fund to the California Highway Patrol for the Computer Crimes Investigations Unit for investigations related to child sexual abuse material and human trafficking.
- 101) Appropriates \$4.9 million from the Motor Vehicle Account for the Highway Violence Task Force at the California Highway Patrol.

Labor and Workforce

- 102) Adds Control Section 3.90 stating that it is the Legislature's expectation that state employee bargaining units will, through the collective bargaining process, meet and confer in good faith to achieve savings in employee compensation needed to maintain the sound fiscal condition of the state.
- 103) Includes \$1 million for the Labor and Workforce Development Agency to evaluate, in collaboration with the Executive Director of the State Board of Education and the California Community Colleges Chancellor's Office, regional coordination models and how to expand their use.
- 104) Includes \$10 million one-time General Fund to support the Helping Justice-Involved Reenter Employment (HIRE) program at the California Workforce Development Board.
- 105) Includes \$8 million one-time Labor and Workforce Development Fund to support the Garment Worker Wage Claim Pilot Program at the Department of Industrial Relations.
- 106) Includes \$500,000 one-time Labor and Workforce Development Fund for a study of the outcomes of the Garment Worker Wage Claim Pilot Project at the Department of Industrial Relations.

Public Safety

- 107) Reduces the operational improvements savings assumed at the California Department of Corrections and Rehabilitation from \$208 million to \$125 million General Fund.
- 108) Includes \$7.8 million for program enhancements and \$10.4 million for redirected positions related to the San Quentin Rehabilitation Center, all General Fund.
- 109) Includes \$4.3 million General Fund for increased legal costs for the California Department of Corrections and Rehabilitation.
- 110) Appropriates \$8.4 million for Impact Justice to support the Homecoming Project, California Justice Leaders, and the Menopause Project.
- 111) Adjusts court workload funding to \$20 million General Fund and makes various other adjustments to provisional language related to Proposition 36 (2024) implementation.
- 112) Specifies that Equal Access Fund is prohibited from being used for removal defense for persons with prior serious and violent felony convictions, consistent with the restrictions set forth in paragraph 3 of subdivision (b) of Section 13303 of the Welfare and Institutions Code, related to services for undocumented persons under Chapter 5.6 of the Welfare and Institutions Code.

- 113) Reappropriates \$10 million for the Law Enforcement Mutual Aid Pilot Program at the Office of Emergency Services.
- 114) Provides \$10 million for Family Justice Centers.
- 115) Provides \$10 million for World Cup security in the Bay Area and Los Angeles.
- 116) Provides \$5.2 million for local fire projects in Fresno and Mendocino counties.
- 117) Deletes various items and provisions, reflecting shifting those items to statute as part of the budget package, including:
 - a. Reduces \$5 million General Fund for the Tribal Police Pilot under the Department of Justice and the Commission on Peace Officers Standards and Authority.
 - b. \$4.7 million General Fund to the State Court Facilities Construction Fund.
 - c. Removes provisional reporting language for trial court operations.

Control Sections

- 118) Modifies Control Section 4.05 to allow the Director of Finance to adjust spending authority to reflect savings achieved through operational efficiencies pursuant to Control Section 4.05 in the Budget Act of 2024.
- 119) Modifies Control Section 4.12 to allow the Joint Legislative Budget Committee (JLBC), until January 1, 2026, to review and non-concur with vacant position authority proposed for elimination at nine specified departments or vacant position authority proposed for elimination for positions that were authorized pursuant to Budget Change Proposals (BCPs) in the Budget Acts of 2023 and 2024. Requires the Department of Finance to provide the JLBC with a list of positions authorized pursuant to BCPs by September 30, 2025.
- 120) Modifies Control Section 11.25 to specify that it is the intent of the Legislature that all state departments, agencies, or other entities under the Governor's administration using state fiscal or personnel resources to implement or maintain Generative Artificial Intelligence (GenAI) projects must comply with the specified relevant State Administrative Manual (SAM) and Statewide Information Management Manual (SIMM) requirements, provide for specified reporting, and that funding requests for GenAI projects are considered through the state's annual budget process.
- 121) Modifies Control Section 13.30 to specify loans to eligible local entities will require trailer bill legislation that includes further details on repayment schedule, funding, and mechanisms as well as future legislation that authorizes a regional measure to support transit operators.
- 122) Adds Control Section 19.56 that includes a variety of appropriations:
 - a) \$50 million California State University (see Higher Education section)

- b) \$3.6 million for the Altadena Library District
 - c) \$4.5 million for specified mosquito abatement and water district support related to the Los Angeles wildfires
 - d) \$5 million for workforce development in areas impacted by the Los Angeles wildfires.
 - e) \$1.8 million for specified school districts to provide support related to Los Angeles wildfire impacts.
 - f) \$6 million for specified county counsels.
- 123) Adds Control Section 19.57 which provides the Department of Finance with authority to extend encumbrance or expenditure dates for legislative priorities in prior budget acts.
- 124) Adds Control Section 28.30 that requires the Director of Finance to notify the Joint Legislative Budget Committee before reducing appropriation amounts in response to unanticipated reductions in federal funds.
- 125) Adds Control Section 28.31 that allows the Director of Finance, after issuing a notification to the Joint Legislative Budget Committee, to authorize a short-term loan to a state department that is experiencing a delay in the receipt of federal funds.
- 126) Adds Control Section 37.00 that includes language the makes the Budget Act of 2025 (this bill and SB 101) and budget trailer bills, inoperative and repeals the contents entirely if either of SB 131 or AB 131 are not signed on June 30, 2025.
- 127) Makes various adjustments to Control Section 90.00, which authorizes specified augmentations related to response and recovery efforts, including clarifying that costs incurred by community colleges in Los Angeles County related to the Eaton and Palisades Fires may be covered under this section.
- 128) Makes a variety of other technical changes to various sections and control sections.

Fiscal Effect: This bill enacts the 2025 budget package, which contains \$228.4 billion General Fund expenditures, \$88.8 billion Special Funds, and \$3.9 billion in bond funds for a total state expenditures of \$321.1 billion.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

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|--------------------|---------------|----------------------|---------------|
| Bill No: | AB 103 | Hearing Date: | June 25, 2025 |
| Author: | Gabriel | | |
| Version: | June 24, 2025 | As amended | |
| Urgency: | No | Fiscal: | Yes |
| Consultant: | Elisa Wynne | | |

Subject: Budget Acts of 2022, 2023, and 2024

Summary: This bill is a Budget Bill Junior associated with Budget Acts of 2022-23, 2023-24, and 2024-25. This bill makes technical and substantive changes to the Budget Acts.

Background: This bill amends the 2022, 2023, and 2024 Budget Act is to implement the 2025 budget agreement between the Legislature and Administration.

Proposed Law:

K-12 Education

- 1) Aligns the appropriation to actual costs for special education programs administered by local educational agencies in 2024-25.
- 2) Adjusts the required deposit into the Public School System Stabilization Account to \$455 million.

Higher Education

- 3) Reappropriates \$2 million to San Francisco Hillel for renovation of the San Francisco Hillel facilities.
- 4) Appropriates \$6 million to the California State University for purposes of implementing legislation related to genealogy determination.

Resources

- 5) Repeals Control Section 15.00, related to Proposition 4 Early Action Wildfire Funding, and moves appropriations and accompanying provision language for early action wildfire prevention funding approved in AB 100 (Gabriel), Chapter 2, Statutes of 2025, into department-specific budget items.

Energy, Utilities, and Air Quality

- 6) Eliminates the requirement that the statewide Clean Cars 4 All program shall receive at minimum \$125 million of the \$255 million appropriated for a suite of

equity transportation programs established under the Charge Ahead California Initiative.

Health

- 7) Authorizes expenditure authority from the Children's Health and Human Services Special Fund of \$148.1 million in 2024-25 to support retroactive capitation payments in the Medi-Cal program.

General Government

- 8) Transfers \$4 million appropriated in the 2021 Budget Act for the Accelerate Affordable Housing Production Project at the Housing and Community Development Department (HCD) to state operations.

Labor and Workforce

- 9) Reappropriates up to \$22.2 million for support of the Department of Industrial Relations Electronic Adjudication Management System modernization.

Public Safety

- 10) Reappropriates a total of \$419 million General Fund to address a current year deficiency at the California Department of Corrections and Rehabilitation (CDCR) that is the result of structural and operation shortfalls. Specifically, it reappropriates \$318.5 million in unspent General Fund resources from 2022-23 and \$39.3 million from 2023-24 to 2024-25. These funds were unspent due to savings associated with vacant positions, population reductions, and prison deactivations. In addition, it reappropriates \$61.2 million General Fund within CDCR's 2024-25 budget from programs that have surpluses to programs with projected shortfalls. This will shift funds from programs that are expected to underspend their budget, including parole operations and mental health services, to the programs facing deficits. The reappropriation will fully cover the projected deficit and provide CDCR with \$24 million in additional funding as a buffer, should the deficits be higher than projected.

Other

- 11) Makes various changes to legislative priorities.
- 12) Makes a variety of other technical changes.

Fiscal Effect: This bill makes conforming changes to the 2024, 2023, and 2022 Budget Acts to accompany the overall budget package associated with the three-party budget agreement. All costs and savings related to this bill are reflected in that overall package, which will use either AB 102 or SB 102 to amend the 2025 Budget Act to implement the three party agreement. With the revisions made in the 2025 budget package, the 2024-

25 budget will have a total expenditure level of \$337.9 billion, with \$233.6 billion coming from General Fund.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 116 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 Amended
Urgency: No **Fiscal:** Yes
Consultant: Scott Ogus

Subject: Health

Summary: This bill is an omnibus health trailer bill, and contains changes to implement the 2025-26 budget.

Proposed Law: This bill makes technical and clarifying statutory revisions affecting health programs necessary to implement the Budget Act of 2025. Specifically, this bill:

Department of Health Care Access and Information (HCAI)

- 1) Makes changes to statute governing certified wellness coaches to align with current terminology, specify supervision requirements, and revise activities that can be carried out by a certified wellness coach.
- 2) Expands authority for CalRx to enter into partnerships to increase competition, lower prices, and address supply shortages for generic or brand name drugs to address emerging health concerns including reproductive health care, gender affirming health care, vaccines, medical supplies, and medical devices.
- 3) Repeals various statewide certification requirements for community health workers.

Department of Managed Health Care (DMHC)

- 4) Delays until January 1, 2026, implementation of health care coverage requirements for diagnosis and treatment of infertility and fertility services, pursuant to SB 729 (Menjivar), Chapter 930, Statutes of 2024.
- 5) Requires pharmacy benefit managers (PBMs) be licensed and regulated by DMHC, and provide certain data to HCAI.
- 6) Requires health care service plans that contract with a PBM to require the PBM to:
 - a. Comply with regulatory requirements
 - b. Register with DMHC, and obtain and maintain a license, if required
 - c. Inform its contracted pharmacists of the right to submit complaints to DMHC

- 7) Requires PBMs to obtain and maintain a license with DMHC, on or after January 1, 2027, or the date on which DMHC has established the licensure process.
- 8) Requires PBM licensure applications to include certain information, including organizational and financial documents, ownership and governance information, and certain information about its pharmaceutical business operations.
- 9) Requires PBMs to submit information to the Health Care Payments Data Program at HCAI.
- 10) Authorizes DMHC to, after appropriate notice and opportunity for hearing, suspend or revoke a PBM license or assess administrative penalties if the director determines the licensee has committed acts or omissions constituting grounds for disciplinary action, including:
 - a. Operating contrary to its organizational documents or published plan
 - b. The continued operation of the PBM will constitute a substantial risk to its subscribers or enrollees
 - c. The PBM has violated regulatory requirements
 - d. The PBM has engaged in fraud, dishonest dealing, or unfair competition
 - e. The PBM has permitted or assisted violations of professional codes and regulations by an employer or contractor
 - f. The PBM has aided or assisted in the commission of an illegal act
 - g. The PBM, its management company, or other affiliate or controlling person has been convicted or pleaded no contest to a crime or committed an act involving dishonesty, fraud, or deceit, and the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in PBM activities
 - h. The PBM has been subject to a final disciplinary action taken at the state, federal, or international level that would be a violation under California law
 - i. The PBM violates the Confidentiality of Medical Information Act
 - j. The PBM violates its requirements to submit data to HCAI
- 11) Authorizes an annual fee to be assessed on PBMs to support the actual and reasonably necessary expenses of the department to implement PBM licensure and oversight.
- 12) Establishes the Pharmacy Benefit Manager Fund, administered by DMHC, to receive fees, fines, penalties, and reimbursements, to support, upon appropriation by the Legislature, regulation of PBMs.
- 13) Authorizes DMHC to conduct periodic routine and non-routine examinations of the fiscal and administrative affairs of any PBM.

Department of Health Care Services (DHCS)

- 14) Expands the definition of contractors subject to sanctions to include providers of the Home- and Community-Based Alternatives Waiver and Programs of All-Inclusive Care for the Elderly.

- 15) Establishes a permanent Medi-Cal Anti-Fraud Special Deposit Fund to deposit Medi-Cal provider payments withheld while a credible allegation of fraud is being investigated.
- 16) Removes cognitive health assessment training and biannual reporting requirements currently supported through the Dementia Care Aware Initiative.
- 17) Imposes utilization management and prior authorization requirements for outpatient hospice services in the Medi-Cal program.
- 18) Beginning January 1, 2026, imposes a freeze on enrollment in full-scope Medi-Cal coverage for undocumented individuals, age 19 and older, with a three-month grace period after disenrollment to re-enroll in full-scope Medi-Cal.
- 19) Beginning July 1, 2027, imposes premiums of \$30 per beneficiary on individuals in full-scope Medi-Cal coverage with unsatisfactory immigration status, ages 19 to 59, with a three-month "cure" period to remit unpaid premiums before being disenrolled.
- 20) Beginning July 1, 2026, eliminates dental coverage in full-scope Medi-Cal for individuals with unsatisfactory immigration status.
- 21) Beginning January 1, 2026, reinstates the Medi-Cal asset limit at \$130,000 for individuals, and \$65,000 for each additional household member, when determining eligibility for Medi-Cal coverage.
- 22) Expands eligibility for supplemental reimbursement programs for non-designated public hospitals (NDPHs).
- 23) Authorizes DHCS to retain a portion of intergovernmental transfer funding for the NDPH supplemental payment program to cover the administrative costs of operating the program.
- 24) Eliminates the Skilled Nursing Facility Workforce and Quality Incentive Program, which provides incentives for facilities to improve outcomes and invest in workforce.
- 25) Suspends the requirement for skilled nursing facilities to have an alternative source of power for no fewer than 96 hours during a power outage until a reimbursement rate add-on to support the costs of this requirement is approved by the Legislature. This requirement was originally implemented pursuant to AB 2511 (Irwin), Chapter 788, Statutes of 2022.
- 26) Modifies minimum state supplemental rebate amounts for HIV/AIDS and cancer drugs and ties state supplemental rebate amounts to a federal rebate percentage effective January 1, 2026.
- 27) Beginning January 1, 2026, imposes prior authorization requirements on Medi-Cal coverage of drugs that have been removed from the contracted drug list, and

requires a 60 day notice to beneficiaries and stakeholders that a drug is no longer on the contracted drug list, rather than a public hearing.

- 28) Imposes utilization management requirements for COVID-19 services provided in the Medi-Cal program.
- 29) Beginning July 1, 2026, eliminates community clinic reimbursement through the Prospective Payment System for individuals with unsatisfactory immigration status and, instead, requires reimbursement through the fee-for-service delivery system.

California Department of Public Health (CDPH)

- 30) Makes technical changes to authority provided in the 2023 Budget Act to support various HIV/AIDS and other prevention efforts funded through the AIDS Drug Assistance Program Rebate Fund.
- 31) Abolishes special deposit funds and establishes new special funds for each of the abolished funds, including the Skilled Nursing Facility Minimum Staffing Penalty Account, the Internal Departmental Quality Improvement Account, the State Health Facilities Citation Penalties Account, and the Federal Health Facilities Citation Penalties Account.
- 32) Authorizes the adoption of emergency regulations, no later than January 31, 2026, and final regulations no later than 18 months thereafter, to establish staffing standards and other policies for acute psychiatric hospitals.
- 33) Provides \$75 million from the AIDS Drug Assistance Program Rebate Fund to support the loss of federal funding for HIV prevention programs.

Department of State Hospitals (DSH)

- 34) Extends the Enhanced Treatment Program pilot at the Department of State Hospitals to January 1, 2030.
- 35) Modifies the reporting requirement to the court from semiannually to annually for the Not Guilty by Reason of Insanity population at the Department of State Hospitals, which aligns with the annual reporting requirements for other long-term patient populations.

Fiscal Effect: Provides \$75 million from the AIDS Drug Assistance Program Rebate Fund to support the loss of federal funding for HIV prevention programs.

Support: None on file.

Opposed: None on file.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

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|--------------------|-----------------------|----------------------|---------------|
| Bill No: | AB 118 | Hearing Date: | June 25, 2025 |
| Author: | Committee on Budget | | |
| Version: | June 24, 2025 Amended | | |
| Urgency: | Yes | Fiscal: | Yes |
| Consultant: | Elizabeth Schmitt | | |

Subject: Human services

Summary: Provides for statutory changes necessary to enact human services related provisions of the Budget Act of 2025.

Proposed Law: As part of the 2025-26 budget package, this bill makes statutory changes to implement the budget act. This bill includes the following provisions:

- 1) Consistent with existing law, establishes a distribution methodology for the Juvenile Justice Realignment Block Grant. The distribution methodology includes the following provisions:
 - a. Retains the existing distribution methodology in 2025-26.
 - b. In 2026-27, establishes a by-county distribution as follows: 25 percent for the total realigned population; 20 percent for the realigned population not committed to a secure youth treatment facility (SYTF); 35 percent for the total youth population; and 20 percent for youth who were committed to an SYTF and then transferred to a less restrictive program.
 - c. In 2027-28, establishes a by-county distribution as follows: 20 percent for the total realigned population; 20 percent for the realigned population not committed to a SYTF; 35 percent for the total youth population; 10 percent for youth who were committed to an SYTF and then transferred to a less restrictive program; and 15 percent for youth who were committed to an SYTF and then transferred to a less restrictive program that is not in a facility regulated by Subchapter 5 (commencing with Section 1300) of Chapter 1 of Division 1 of Title 15 of the California Code of Regulations.
 - d. In 2028-29 and ongoing, establishes a by-county distribution as follows: 20 percent for the total realigned population; 20 percent for the realigned population not committed to a SYTF; 35 percent for the total youth population; 5 percent for youth who were committed to an SYTF and then transferred to a less restrictive program; and 20 percent for youth who were committed to an SYTF and then transferred to a less restrictive program that is not in a facility regulated by Subchapter 5 (commencing with Section 1300) of Chapter 1 of Division 1 of Title 15 of the California Code of Regulations.
 - e. Requires the Office of Youth and Community Restoration to review the formula and report to the Legislature with an assessment of the formula's efficacy in meeting the Legislature's intent to implement public health approaches to support positive youth development and outcomes, build

the capacity of a continuum of community-based approaches, and reduce recidivism.

- f. Prohibits a county board of supervisors from allocating funding to any juvenile hall, camp, ranch, or secure youth treatment facility that is, or at any time during the prior fiscal year was, deemed unsuitable and used for the confinement of youth on any day when the facility was prohibited by law from being used for the confinement of youth. Allows a county board of supervisors to withhold funding from any entity that is, or at any time during the prior fiscal year was, operating an unsuitable juvenile hall, camp, ranch, or secure youth treatment facility and is confining or did confine one or more youth in the unsuitable facility on any day when the facility was prohibited by law from being used for confinement of youth.
 - g. Requires county realignment block grant plans to include a description of less restrictive programs used by the county, including whether the programs are in a facility regulated by Subchapter 5 (commencing with Section 1300) of Chapter 1 of Division 1 of Title 15 of the California Code of Regulations.
 - h. Requires county realignment block grant plans to include a summary of expenditures from the prior fiscal year, including, but not limited to, total expenditures, a description of whether the expenditures were consistent with the county's realignment block grant plan, and a description of how those expenditures improve outcomes for the realigned population.
- 2) Clarifies the operational period for which the California Fruit and Vegetable pilot project will receive an evaluation, to prevent additional funding included in the 2025 Budget Act from delaying the scheduled evaluation.
 - 3) Clarifies that for participants in the CalWORKs program, counties shall provide a prepopulated semiannual report for program renewal either by mail or electronically. Requires final policy guidance for changes to the prepopulated semiannual report to be completed by the California Department of Social Services (CDSS) by August 15, 2025.
 - 4) Beginning July, 2026, if the state ceases to receive enhanced federal financial participation due to noncompliance of timely case reassessment for the Community First Choice Option program within the In-Home Supportive Services (IHSS) program, requires 100 percent of the federal penalty to be paid by counties. For the 2025-26 fiscal year only, establishes that the state and county shall each pay 50 percent of the federal penalty.
 - 5) Requires county child welfare agencies to convene child and family team meetings for children and youth receiving family maintenance services.
 - 6) Clarifies that in the event of a disaster declaration, CDSS shall receive up to \$300,000 General Fund to cover administrative costs associated with the implementation of the Disaster CalFresh program.
 - 7) Restricts the use of Adoption Assistance Program (AAP) payments for placement in an out-of-state residential treatment facility to only those adopted children whose parent(s) live in the state outside of California in which the facility is

located. Establishes parameters governing the authorization of AAP payments for families who meet this criteria, including the following:

- a. Requires the facility to be licensed, in good standing, eligible for federal funds, and a qualified residential treatment program, as specified.
 - b. Prevents AAP payments from being used for facilities such as wilderness programs, boot camps, detention facilities, boarding schools, and military schools, as specified.
 - c. For adoption assistance agreements executed prior to June 30, 2025, prohibits AAP payments at the negotiated benefit amount from exceeding the timeframe authorized in the adoption assistance agreement in effect on June 30, 2025, unless the responsible public agency and adoptive parents have negotiated and agreed upon up to an additional 60 days for the purpose of transitioning the child home.
 - d. Commencing September 1, 2025, and annually thereafter, requires county adoption agencies to provide the following information to CDSS: the total number of children in out-of-state residential treatment facilities, the name and location of each out-of-state residential treatment facility, and the number of days each child placed in an out-of-state residential treatment facility remained in that facility.
 - e. Requires CDSS to engage child welfare advocates, county child welfare agencies, tribes, and interested stakeholders to update policies regarding the use of AAP for in-home wraparound and out-of-home placements, and provide proposed statutory changes to the Legislature no later than February 1, 2026.
- 8) Makes technical and conforming changes.

Fiscal Effect: Appropriates \$208.8 million from the General Fund for the Juvenile Justice Realignment Block Grant.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 120 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Elizabeth Schmitt

Subject: Early Childhood Education and Childcare

Summary: Provides for statutory changes necessary to enact child care and preschool related provisions of the Budget Act of 2025.

Proposed Law: As part of the 2025-26 budget package, this bill makes statutory changes to implement the budget act. The bill includes the following provisions:

- 1) Suspends the statutory cost-of-living adjustment for child care and preschool programs in 2025-26. Commencing July 1, 2026, requires all subsidized child care and preschool programs to receive a cost-of-living adjustment as a minimum annual rate increase.
- 2) For direct contract and voucher-based subsidized child care and preschool programs, establishes reimbursement based on enrollment and families' certified need, as specified.
- 3) Extends quarterly updates to the Legislature on the implementation of child care rate reform through July 1, 2027.
- 4) Requires, beginning October 1, 2025, and through July 1, 2027, inclusive, the California Department of Social Services (CDSS) to update the Legislature quarterly regarding progress on implementation of prospective payment and paying based on enrollment.
- 5) Establishes legislative intent to cease using a regional market rate for setting child care rates, and instead use an alternative methodology for setting future child care rates, pursuant to the following criteria:
 - a. Rates are set pursuant to statute and informed by the alternative methodology.
 - b. All subsidized child care and preschool programs are reimbursed under a single rate structure that takes into account a common set of rate elements.
 - c. Rate levels are informed by the costs associated with meeting health and safety requirements and program requirements.

- d. Base rates are administered as a per-child amount, with programs able to receive enhancements.
 - e. Rates vary by geography, type of care setting, regulatory requirements, time categories, and child age.
- 6) Clarifies that if a family receiving subsidized child care adds an additional child to the family size, the family's eligibility period shall be extended for at least 12 months.
- 7) Extends and expands once-per-month, per-child-served monthly rate increases for all subsidized providers, known as cost of care plus, and establishes a formula, based on the statutory cost-of-living adjustment, for increasing these monthly rates in 2025-26.
- 8) Establishes that if various provisions of this bill are in conflict with a collectively bargained agreement between the state and Child Care Providers United, the collectively bargained agreement shall be controlling, as specified.
- 9) Makes various technical and conforming changes.

Fiscal Effect: Appropriates \$88.55 million from the General Fund to CDSS for the purpose of reimbursement based on families' certified need.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

| | | | |
|--------------------|--------------------------|----------------------|---------------|
| Bill No: | AB 121 | Hearing Date: | June 25, 2025 |
| Author: | Committee on Budget | | |
| Version: | June 24, 2025 As amended | | |
| Urgency: | No | Fiscal: | No |
| Consultant: | Yong Salas | | |

Subject: Education

Summary: This bill provides for statutory changes necessary to enact the TK-12 related statutory provisions of the Budget Act of 2025.

Proposed Law: This bill:

- 1) Adopts the following for the Proposition 98 Guarantee:
 - a. Appropriation level of \$114.6 billion (TK-14) in 2025-26, and calculates the Minimum Guarantee level of \$120 billion in 2024-25 with an appropriation level of \$118 billion, creating a settle-up amount for 2025-26 of approximately \$1.9 billion, which will be dedicated to supporting ongoing costs for TK-12 and community college programs and paying down deferrals, and appropriated as part of the 2026-27 budget development. The specific uses for this funding will be presented to the Legislature as part of the Governor's January 10, 2026 budget proposals. The budget maintains the suspended Proposition 98 level of \$98.5 billion in 2023-24.
 - b. Funding for the cost of Transitional Kindergarten enrollment from the Local Control Funding Formula outside of the Proposition 98 split between TK-12 Education and California Community Colleges starting in 2025-26, shifting approximately \$233 million from the community colleges to TK-12.
- 2) Fully funds the Local Control Funding Formula and funds a 2.3 percent cost-of-living-adjustment.
- 3) Withdraws \$405.3 million from the Public School System Stabilization Account (or the Proposition 98 Rainy Day Fund) to pay for Local Control Funding Formula costs.
- 4) Creates a June to July deferral in 2026 of \$1.9 billion, to be paid off in 2026-27, with up to \$100 million available for deferral exemptions, and makes technical adjustments to past year deferrals that were included in the 2024 Budget Act.
- 5) Establishes the Student Support and Professional Development Discretionary Block Grant, and appropriates \$1.7 billion one-time Proposition 98 General Fund for this purpose.

- 6) Augments the Learning Recovery Emergency Block Grant by \$378.6 million one-time Proposition 98 General Fund.
- 7) Appropriates \$200 million one-time Proposition 98 to support evidenced-based professional learning for elementary school teachers aligned with the English Language Arts/English Language Development Framework; and establishes a process for approval of criteria and guidance for the selection or development of professional development programs for use statewide and a list of programs deemed to meet those criteria.
- 8) Appropriates \$160 million one-time Proposition 98 General Fund to establish a Universal School Meals Implementation Support Grant. Of this amount, \$145 million will be used for kitchen infrastructure upgrades, training, procurement of local food products, and nutrition planning equipment to determine nutritional content of menu items; \$10 million is appropriated for nutrition staff recruitment and retention; and \$5 million is appropriated for a study of the particularly harmful foods.
- 9) Appropriates \$215 million one-time Proposition 98 General Fund for the Literacy Coaches and Reading Specialists Grant Program, of which \$15 million is used for training.
- 10) Appropriates \$150 million one-time Proposition 98 General Fund, pending legislation for career technical education and career pathways. If legislation is not enacted by January 1, 2026, the money will be redirected to support the Career Technical Education Incentive Grant program.
- 11) Adds additional accounting codes to the School Accounting Code system to capture transactions made by local educational agencies due to settlements, judgments, or special assessments from claims of childhood sexual assault filed against local educational agencies.
- 12) Appropriates \$300 million one-time Proposition 98 General Fund for the Student Teacher Stipend Program, administered by the Commission on Teacher Credentialing, and creates a streamlined, online application process for candidates to apply for various educator support initiatives administered by the Commission.
- 13) Authorizes an emergency apportionment loan to the Plumas Unified School District of up to \$20 million over a loan term of up to 30 years, and establishes oversight by the Plumas County of Education, in collaboration with the Superintendent of Public Instruction, the president of the State Board of Education or their designee, and the County Fiscal Crisis Management and Assistance Team.
- 14) Makes statutory changes to the local educational agency budget overview process by: (1) updating the county office of education budget approval process

to be aligned with the process for school district budget approval process; (2) updating the budget review committee membership reimbursement; and (3) modifying the assessment for budget approval and remedial tools that oversight agencies can exercise over school districts and county offices of education.

15) Directs the State Board of Education to, no later than July 15, 2026, update the state adopted performance criteria for local educational agency assistance and intervention.

16) Applies fiscal penalties to local educational agencies that fail to adopt a timely local control and accountability plan.

17) Clarifies the conditions under which audit extensions are approved for local educational agencies.

18) Includes protections for charter schools and school districts that were impacted by the 2025 wildfires in Los Angeles by:

- a. Protecting funding based on attendance in the Expanded Learning and Opportunities Program.
- b. Protecting Local Control Funding Formula funding for charter schools impacted by the fires.
- c. Using savings from Multi-Tiered Systems of Support to support fire-impacted local educational agencies.
- d. Holding enrollment harmless for purposes of calculating allocations in the Student Support and Professional Development Discretionary Block Grant.
- e. Appropriating \$9.7 million to backfill property tax losses for basic aid districts impacted by the fires.
- f. Re-benches the Proposition 98 Guarantee to accommodate a General Fund backfill for property tax losses.
- g. Extends certain protections for local educational agencies impacted by the 2025 Los Angeles Wildfires that were provided by the Governor's executive order.

19) Includes community treatment facilities in the Out-of-Home-Care funding formula.

20) Clarifies the eligibility for the Inclusive College for Students with Intellectual Disabilities program.

- 21) Appropriate \$30 million one-time Proposition 98 General Fund to support the Special Olympics of Northern and Southern California for specified purposes.
- 22) Increases the award amount from the Reading and Literacy Supplementary Authorization Incentive Grant Program from \$2,500 to \$6,000, adjusts the grantee match requirement, and allows for the funds to also pursue added authorizations in mathematics.
- 23) Includes \$40 million one-time Proposition 98 General Fund for professional development and instrument acquisition for the implementation of universal literacy screenings in 2025-26, and statutory changes to allow school employees, rather than solely educators, administer the screenings.
- 24) Appropriates \$10 million one-time Proposition 98 General Fund to a county office of education selected to administer the California Dyslexia Initiative to partner with University of California, San Francisco Dyslexia Center to perform various activities to support screening for reading difficulties.
- 25) Extends the availability of funds appropriated as part of the Learning Acceleration System Grants and any interest earned on the funds from June 30, 2026 to January 1, 2028.
- 26) Makes changes to the Kitchen Infrastructure and Training Grant Funds by: (1) extending the deadline for local education agencies to expend the Kitchen Infrastructure and Training funds allocated in the 2022 Budget Act from June 30, 2025 to June 30, 2026; and (2) extending the deadline for local educational agencies to report to the Department of Education on how funds were used to improve the quality of school meals or increase participation in subsidized school meal programs from June 30, 2025 to June 30, 2026, as a result of delays in completing infrastructure upgrades.
- 27) Continues implementation of the Summer-EBT program, also known as SUN Bucks, by: (1) requiring annual eligibility determination using a School Meals Application or the Universal Benefits Application, as specified, for the SUN Bucks Program; and (2) requiring schools that collect either application meet specified verification requirements.
- 28) Includes the SUN Bucks compliant Universal Benefits Application as an option to determine free or reduced-price meals eligibility for inclusion in the unduplicated pupil count.
- 29) Extends the liquidation period for the 2021 investment for the National Board of Professional Teaching Standards Certification Incentive Program from June 30, 2028 to June 30, 2031, and transfers this program to the Commission on Teacher Credentialing in July 2027.

- 30) Appropriates an additional \$30 million one-time Proposition 98 General Fund for the National Board of Professional Teaching Standards Certification Incentive Program, and transfers this program to the Commission on Teacher Credentialing in July 2027.
- 31) Appropriates \$1 million one-time Proposition 98 General Fund and trailer bill language that requires a county office of education to contract with a research or non-profit organization to study and provides recommendations on content standards, curriculum, and instructional materials development and adoption.
- 32) Appropriates \$10 million one-time Proposition 98 General fund to the Superintendent of Public Instruction for the California Collaborative for Educational Excellence to administer a pilot program with select school districts to redesign middle and high schools to better serve the needs of all students and increase student outcomes, including personalizing the learning environment, integrating experiential education and new uses of technology, and supporting deeper learning. Of the funding allocated for this purpose, it is requested that \$1 million be allocated for an evaluation of the pilot program and documentation of successful models.
- 33) Clarifies the instructional materials penalty.
- 34) Appropriates \$1.5 million ongoing Proposition 98 General Fund for ongoing support to the county offices of education that serve as homeless education technical assistance centers.
- 35) Codifies the state level activities set-aside from \$50 million Proposition 98 General Fund to \$10 million Proposition 98 General Fund, which is related to the shift in funding for the Inclusive Early Education Expansion Program in the 2024 Budget Act from \$250 million to \$100 million.
- 36) Includes technical clean up related to funding available for zero-emission school buses in 2024-25 and 2025-26.
- 37) Extends the encumbrance date for funds appropriated in Item 6100-139-8080 from the 2017 Budget Act (Chapter 14 of the Statutes of 2017) until June 30, 2026, for specific instances, including authorizing the Superintendent of Public Instruction to return amounts owed to local educational agencies or to recoup funds owed by local educational agencies.
- 38) Authorizes any returned funds in the Community School Program from implementation grant awards to be reallocated by the Department of Education to support community school extension grants.
- 39) Appropriates \$250,000 one-time Proposition 98 General Fund to develop supplemental guidance for English Language Arts and English Language

Development that complements the English Language Arts/English Language Development follow up adoption.

- 40) Appropriates \$20 million one-time Proposition 98 General Fund to the Department of Education to allocate the funds to Sacramento County Office of Education, in partnership with Santa Clara County Office of Education, no later than October 2025. The funds will be administered through the capacity grant infrastructure, as established by the Children and Youth Behavioral Initiative, to local educational agencies to support, in the order of priority: (1) to prevent the disruption of youth mental health services; and (2) to provide technical assistance to local educational agencies for the continued implementation of the statewide fee schedule.
- 41) Updates the authority of the Education Audit Appeals Panel to waive or reduce the reimbursement.
- 42) Allows any remaining funds and any interest earned on those funds in the county school lease-purchase fund for a school district to be used for school construction.
- 43) Corrects an outdated reference for school district collection of developer fees as it relates to the five-year school facilities master plan.
- 44) Provides the State Allocation Board with the authority to provide excessive cost hardship grants under the School Facility Program to school districts demonstrating unusual circumstances beyond their control.
- 45) Updates the definition of "teacher vacancy" for monitoring authorized to the Department of Education and the Commission on Teacher Credentialing.
- 46) Extends the encumbrance period for \$66 million appropriated in the 2022 Budget Act for the Teacher Residency Grant Program to June 30, 2027 and the liquidation period to June 30, 2032, and provides reimbursement authority to the Commission on Teacher Credentialing.
- 47) Allows teacher credential candidates who completed preparation programs that were aligned to the Reading Instruction Competence Assessment to take that assessment on or before October 31, 2025, and allows the Commission on Teacher Credentialing to adopt and administer an off-the-shelf reading instruction competence assessment for certain uses instead of maintaining a commission-adopted assessment in addition to the new literacy performance if the adopted assessment meets the requirements outlined in statute.
- 48) Codifies the standard error of measure for Reading Instruction Competence Assessment subtest scores adopted by the Commission on Teacher Credentialing in October 2024.

- 49) Authorizes candidates to receive a waiver to the Reading Instruction Competence Assessment and to extend the deadline to complete an induction program or two years of service by a year for credential candidates who received a waiver pursuant to Executive Order N-66-20, Section 67 of Chapter 110 of the Statutes of 2020, or Section 120 of Chapter 44 of the Statutes of 2021.
- 50) Excludes average daily attendance generated through the Attendance Recovery program on weekends and intersession from principal apportionment attendance reporting periods.
- 51) Includes technical clean-up for Assembly Bill 938 (2024).
- 52) Appropriates \$70 million one-time Proposition 98 General Fund for the Teacher Residency Grant Program.
- 53) Implements the full implementation of the Expanded Learning Opportunities Program by: (1) adjusting the eligibility of Rate 1 schools from serving 75 percent unduplicated pupils to 55 percent of unduplicated pupils; (2) increases the minimum grant amount from \$50,000 to \$100,000 per local educational agency; and (3) allows newly eligible Rate 1 schools to be audited based on Rate 2 requirements.
- 54) Authorizes the Department of Finance to address any shortfall or excess of local redevelopment agency property taxes for special education programs with General Fund.
- 55) Specifies the fiscal penalties related to transitional kindergarten requirements for exceeding the 1:10 adult-to-pupil ratio requirement, and specifies that the average class enrollment penalty be limited to the average daily attendance that exceeds 24 pupils by schoolsite, beginning in 2025-26.
- 56) Requires the Department of Education, with approval from the executive director of the State Board of Education, to select a list of multilingual learner assessment instruments for students in transitional kindergarten. Starting in 2027-28, local educational agencies will be required to screen transitional kindergarten students for multilingualism. Appropriates \$10 million one-time Proposition 98 General Fund for the selection and acquisition of the statewide instrument, and any necessary training. For purposes of 2025-26 and 2026-27, the English Learner rate for kindergarten students will be applied to the Transitional Kindergarten pupils, for purposes of the Local Control Funding Formula.
- 57) Includes technical clean-up for the personal finance graduation requirements, and clarifies that \$300,000 General Fund is available for state administration at the Department of Education of these requirements.
- 58) Includes the California Kids Investment and Development Savings Program as part of the financial literacy curriculum.

- 59) Establishes Regional English Learner lead agencies by: (1) appropriating an ongoing \$2 million Proposition 98 General Fund to support Regional English Learner lead agencies; and (2) defining the selection criteria and responsibilities of the Regional English Learner lead agencies.
- 60) Extends the encumbrance and expenditure deadline for the funds to support the LGBTQ+ Online Trainings implementation.
- 61) Extends the encumbrance date for funds appropriated in Item 6100-139-8080 from the 2017 Budget Act (Chapter 14 of the Statutes of 2017) until June 30, 2026, for specific instances, including authorizing the Superintendent of Public Instruction to return amounts owed to local educational agencies or to recoup funds owed by local educational agencies.
- 62) Extends the completion of programmatic goals for two years to June 30, 2028 and the encumbrance period to June 30, 2030, and also clarifies the requirement to create occupational pathways.
- 63) Repeals \$4 million for a study on hybrid and remote learning.
- 64) Requires the Superintendent of Public Instruction, in consultation with the California Community Colleges Chancellor's Office, to study the feasibility of creating a universal, integrated application that can be used for the various career technical education programs administered in California.
- 65) Appropriates one-time \$1 million Proposition 98 General Fund for the California Collaborative for Educational Excellence to digitize the state standardized individualized education plan template developed by the Individualized Education Plan (IEP) template workgroup, and appropriates one-time \$1 million Proposition 98 General Fund, only if federal Individuals with Disabilities Education Act funds are not available for this purpose, to translate the digital standardized individualized education plan template.
- 66) Appropriates \$7.5 million Proposition 98 General Fund for the Statewide Literacy Network and the \$7.5 million Proposition 98 General Fund for the Statewide Mathematics Network, administered by the California Collaborative for Educational Excellence.
- 67) Extends the encumbrance deadline for the Universal Prekindergarten Planning and Implementation Grants to June 2028.
- 68) Appropriates \$30 million one-time Proposition 98 General Fund for the Mathematics Professional Learning Partnership.
- 69) Includes technical amendments to the attendance recovery program.

70) Includes the Free Application for Federal Student Aid notification to students and families in the K-12 Mandates Block Grant.

Fiscal Effect: This bill makes various appropriations.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 123 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Diego Emilio J. Lopez

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 2025.

Proposed Law: This bill makes various statutory changes to implement the higher education provisions of the 2025-26 budget.

- 1) Requires the University of California to fund construction grants for student housing projects at University of California Davis and University of California, Santa Barbara.
- 2) Commencing with the 2025–26 school year, requires the governing body of a local educational agency to provide each pupil and the pupil’s parent or legal guardian with information about the KIDS Program and the pupil’s potential eligibility for that benefit, as provided.
- 3) Requires, for the 2025–26 to 2029–30 fiscal years, inclusive, the Scholarshare Investment Board to partner with the Riverside County Office of Education and the San Diego Unified School District to explore ways to increase participation in the KIDS Program and includes additional reporting requirements.
- 4) Requires the California State University, and requests the University of California, to begin working on establishing a model uniform set of academic standards on or after October 1, 2025, and requires the model uniform set of academic standards to also be established for college-level coursework taken for credit at a California public college or university by a pupil simultaneously enrolled in high school, as provided.
- 5) Requires the California Student Aid Commission use the 3-year cohort default rate certified in 2020 to certify an otherwise qualifying institution for the 2025–26 and 2026–27 academic years.
- 6) Authorizes the systemwide central office of a public postsecondary educational institution acting on behalf of the participating institution to annually report to the California Student Aid Commission information regarding the institution’s undergraduate programs, as provided, among other conforming changes.
- 7) Extends the availability of Golden State Teacher Grant Program funds to applications received under the program on July 1, 2025, to June 30, 2026, inclusive.

- 8) Makes changes to the reporting requirements for the Hire UP Pilot program to require an additional report on the pilot program's implementation on Mach 1, 2029.
- 9) Makes changes to the reporting requirements for the Native American Student Support and Success Program to require development and submission of reports on a triennial basis until September 1, 2030.
- 10) Makes changes to the Rising Scholars program to authorize the California Community College Chancellor's office to enter agreements with all community college districts to provide funds for services in support of postsecondary education for justice-involved students.
- 11) Adjusts the payment of apportionments to community college districts for the 2025–26 fiscal year to defer \$408,363,000 of those payments to the 2026–27 fiscal year in accordance with a designated schedule.
- 12) Establishes the California Career Passport Program to be administered by the office of the Chancellor of the California Community Colleges, in partnership with the Office of Cradle-to-Career Data and the Labor and Workforce Development Agency, for the purpose of developing a Career Passport that provides individuals with a secure digital tool that displays their preparation for employment, academic records, and credit for prior learning. Additionally appropriates \$25 million to the Board of Governors of the California Community Colleges to support the program.
- 13) Authorizes the Bureau of Private Post-Secondary Education to use moneys in the Student Tuition Recovery Fund to cover the costs of Student Tuition Recovery Fund claim administration and positions of the Office of Student Assistance and Relief.
- 14) Reestablishes the California State Law Library Special Account and would require, until July 1, 2030, \$65 of each notice of appeal fee to be deposited into the California State Law Library Special Account for the support of the California State Law Library upon appropriation. The bill would specify that this requirement is intended to apply retroactively to January 1, 2025.
- 15) Amends the Budget Act of 2023 by reducing the appropriation made to the board of governors for apportionments by \$67 million.
- 16) Amends the Budget Act of 2023 to include \$6.33 million for reimbursements for firefighter training.
- 17) Amends the Budget Act of 2024 by increasing the appropriation made to the board of governors for apportionments by \$10.8 million.
- 18) Amends the Budget Act of 2024 to include \$100 million one-time Proposition 98 to support enrollment growth at the California Community Colleges.
- 19) Appropriates \$6.6 million from the General Fund to the board of governors to support the development of e-Transcript California pursuant to that provision.
- 20) Appropriates \$5.1 million from the General Fund to the board of governors to provide grants through a community college district to California community-based

organizations for financial aid outreach and application assistance supporting current and prospective community college students, as provided.

- 21) Appropriates \$20 million from the General Fund to the board of governors to support emergency financial assistance grants to students attending a community college, as specified.
- 22) Appropriates \$15 million from the General Fund to the board of governors to support Dreamer Resource Liaisons in assisting students.
- 23) Appropriates \$10 million to the board of governors to support the California Healthy School Food Pathway program.
- 24) Appropriates \$10 million from the General Fund to the board of governors for transfer to a community college for allocation to the California Firefighter Joint Apprenticeship Council to conduct Emergency Medical Technician and Paramedic Preapprenticeship Training Academies.
- 25) Appropriates \$125,000 from the General Fund to the board of governors for allocation on a one-time basis to Santa Rosa Junior College for the construction of a fire academy tower.
- 26) Appropriates up to \$15 million from the General Fund to the board of governors to support the Credit for Prior Learning Initiative, a systemwide initiative to award degree-applicable or certificate-applicable credit for prior learning opportunities at each campus.
- 27) Appropriates \$60 million from the General Fund to the board of governors to establish the Student Support Block Grant, which authorizes community college districts to use the allocated funds for certain purposes, including, among other purposes, for assistance to students with food, housing, transportation, and other basic needs.
- 28) Appropriates \$5 million from the General Fund to the board of governors for allocation to community colleges that are members of the Los Angeles Regional Consortium to assist with workforce recovery efforts and career technical education workforce development associated with the Los Angeles regions' recovery from the Palisades and Eaton fires.

Fiscal Effect: This bill is a budget trailer within the overall 2025-26 budget package to implement actions related to higher education, and makes various appropriations.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 124 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Joanne Roy

Subject: Public resources trailer bill

Summary: This bill is the omnibus Resources budget trailer bill. It contains provisions necessary to implement the 2025 Budget Act

Proposed Law: This bill:

- 1) Increases the statutory limits of the Office of Professional Foresters Registration fee schedule, as specified.
- 2) Requires the Department of Forestry and Fire Protection to begin to employ sufficient permanent firefighting personnel to increase the base period hand crew staffing levels. This bill specifies that the department maintains the ability to hire seasonal, temporary firefighters as needed to allow for surge hiring capacity to address emergency fire conditions or other personnel shortages.
- 3) Authorizes the California Natural Resources Agency, a nonprofit organization, Department of General Services, and Exposition Park to plan, construct, and maintain a memorial to the victims and survivors of the Holocaust at Exposition Park.
- 4) Requires the Governor's annual Budget Bill to increase the cap on the amount of funding appropriated by the Legislature from the Highway Users Tax Account, Transportation Tax Fund to the State Parks and Recreation Fund from \$3.4 million to \$12 million.
- 5) Clarifies that moneys from the Bay Fill Cleanup and Abatement Fund may be expended on technology services, programs, and personnel that directly support the existing authorized uses of this fund.
- 6) Provides the Department of Water Resources (DWR) authority to contract for the delivery of multi-benefit habitat and environmental outcomes. This authority is intended to enable the department to continue contracting for full delivery of multi-benefit and habitat restoration projects through public-private partnerships based on available funding.
- 7) Reduces the frequency of Department of Water Resources' report of findings related to the state's groundwater basins (Bulletin 118) to the Governor and Legislature from every five years to 10 years. Bulletin 118 is the state's official

publication on the occurrence and nature of groundwater in the state, such as the location, characteristics, use, management status, and conditions, as well as findings and recommendations that support the future management and protection of groundwater.

- 8) Authorizes tank owners to begin projects while waiting for a final funding agreement for purposes of administrative efficiencies. This will allow them to replace, remove, or upgrade underground storage tanks pursuant to the Replacing, Removing, or Upgrading Underground Storage Tanks (RUST) program.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2025 Budget Act

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

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|--------------------|-----------------------|----------------------|---------------|
| Bill No: | AB 127 | Hearing Date: | June 25, 2025 |
| Author: | Committee on Budget | | |
| Version: | June 24, 2025 Amended | | |
| Urgency: | Yes | Fiscal: | Yes |
| Consultant: | Eunice Roh | | |

Subject: Climate change

Summary: This bill is the omnibus Climate Change budget trailer bill. It contains provisions necessary to implement the Budget Act of 2025.

Proposed Law: This bill:

- 1) Makes a technical adjustment to move the code section for a previously approved increase to the salary of the chairperson of the California Energy Commission (CEC) by five percent for the 2025-26, 2026-27, and 2027-28 years.
- 2) Extends existing authority and exemptions related to the Demand Side Grid Support Program at the CEC to all fund sources.
- 3) Amends the Clean Transportation Program at the CEC to eliminate the restriction that block grants or incentive programs be administered by public entities or not-for-profit technology entities and authorizes funding for block grants or incentive programs for zero-emission vehicle infrastructure.
- 4) Amends the existing certification process for power plants, energy storage systems, and related facilities at the CEC. Specifically, it requires a person submitting an application for certification to submit with the application a nonrefundable deposit of \$750,000 and would require the applicant to pay all costs incurred by the Energy Commission in processing the application; require the Energy Commission to provide invoices for additional fees, at least annually, for the actual costs incurred by the Energy Commission in excess of the deposit; increase the annual fee to \$70,000 for each year the facility retains its certification; and specify that the petition fee is nonrefundable
- 5) Extends the CEC's follow-on funding authority for the Electric Program Investment Charge (EPIC) program to January 1, 2028.
- 6) Specifies restrictions on operations be applied to facilities constructed and owned by the Department of Water Resources, not just facilities constructed by the department as currently stated in existing statute.
- 7) Specifies existing deficiency fines and fees are a part of the certification, audit, and compliance programs regulating motor vehicle manufacturers at the California Air Resources Board.

- 8) Expands the requirement to maintain funding to local air districts using specified funds made available to the state board for the suite of equity transportation programs at the California Air Resources Board from the 2021 and 2022 Budget Acts.
- 9) Appropriates \$132,175,000 from the Air Pollution Control Fund to the California Air Resources Board for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), when funds are available from the Hino Consent Decree.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 128 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Eunice Roh

Subject: Transportation

Summary: This bill is the omnibus Transportation budget trailer bill. It contains provisions necessary to implement the Budget Act of 2025.

Proposed Law: This bill:

- 1) Authorizes Department of Finance to increase or decrease funding appropriated to the Caltrans' capital outlay support program using items from both the annual Budget Act and any other appropriation, so long as the combined adjustments are cost neutral and limited to the capital outlay support program.
- 2) Authorizes the Department of Transportation and local authorities to temporarily permit exclusive or preferential use of high occupancy vehicle (HOV), toll, or other lanes for vehicles displaying an identifier issued by the Olympic and Paralympic Games organizers, for the purposes of operating a Games Route Network during the Olympic and Paralympic Games period. This authority shall remain in effect until January 1, 2029.
- 3) Delays the commencement of the court's additional authority to restrict or suspend a driver's license for specified violations related to sideshows from July 1, 2025 to January 1, 2029.
- 4) Delays the provisions that allow a driver to tow a 10,000 to 15,000-pound gooseneck trailer with a noncommercial Class C license for recreational purposes, provided they had successfully completed a knowledge exam from January 1, 2027 to January 1, 2029.
- 5) Eliminates the existing January 1, 2027 deadline to include a solicitation for the applicant to enroll in the National Marrow Donor Program's registry as a bone marrow or blood stem cell donor in driver's license and identification card applications, and instead authorizes DMV and the National Marrow Donor Registry to establish an implementation timeline as part of the required memorandum of understanding.
- 6) Reestablishes the \$1 Business Partner Automation (BPA) system improvement fee which ended on December 31, 2023, to January 1, 2029, when the DMV director determines that sufficient funds have been received.

- 7) Appropriates \$1,000 from the State Highway Account to fund state transportation projects in support of the Games Route Network, as part of the 2028 Olympic Games and Paralympic Games.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 129 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Diego Emilio J. Lopez

Subject: Labor and Public Employment Budget Trailer Bill

Summary: This bill makes necessary changes to implement the labor and public employment provisions adopted as a part of the Budget Act of 2025.

Proposed Law: This bill makes various statutory changes to implement the labor and public employment provisions of the 2025-26 budget.

- 1) Requires the Department of Human Resources, in collaboration with the State Department of Social Services, to appoint a statewide bargaining advisory committee to review the full cost of care for In-Home Supportive Services (IHSS) provided through the IHSS program under a statewide collective bargaining model.
- 2) Provides technical clarifications, regarding the applicability of non-industrial disability insurance benefits to career executive assignment positions.
- 3) Provides technical and conforming changes to assessments provisions related to the Fraud Assessment Commission.
- 4) Subjects the work performed under any construction contract, including subcontracts on the Golden Gate Bridge for the Suspension Bridge Seismic Retrofit Project that is awarded on or after January 1, 2025 and on or before December 31, 2025, to the Division of Occupational Safety and Health's lead standard regulations that were in effect on December 31, 2024.

Fiscal Effect: This bill is a budget trailer bill within the overall 2025-26 budget package to implement actions related to labor and public employment and makes an appropriation related to the Proposition 2 Supplemental Pension Payment. Specifically, this bill would appropriate \$584,000,000 from the General Fund for the purposes identified in the constitutional provisions described in the bill, to supplement the state's appropriation to the Public Employees' Retirement Fund.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 130 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Timothy Griffiths

Subject: Housing

Summary: This bill provides statutory changes to facilitate implementation of the Budget Act of 2025 as it relates to housing and homelessness.

Proposed Law: Specifically, this bill:

- 1) Changes the Encampment Resolution Fund (ERF) expenditure deadline from two fiscal years after appropriation of funds to two fiscal years after award of funds.
- 2) Requires Homeless Housing, Assistance, and Prevention (HHAP) recipients to report fiscal and system performance metrics on Rounds 1 & 2 of the program in the same way as they are required to report this information for subsequent HHAP rounds.
- 3) Consolidates the existing default reserve funds from specified affordable housing funding programs at Housing and Community Development Department (HCD) into a single, continuously appropriated backstop against the loss of affordable housing due to loan payment defaults. Requires notice to the Joint Legislative Budget Committee whenever more than 25 percent of the fund is spent in a single fiscal year.
- 4) Adds affordable housing projects funded by Proposition 1 of 2024, which includes Homekey+, to the list of affordable housing that is not subject to Article 34 of the California Constitution's requirement that approval of specified affordable housing projects be put up for public vote.
- 5) Allows affordable housing developers funded by the Housing and Community Development Department (HCD) to utilize equity in their affordable housing projects to finance further investments in other affordable housing projects, subject to specified limitations.
- 6) Subjects the California Coastal Commission's review of housing project permit applications to the shorter California Environmental Quality Act (CEQA) timelines that apply to other lead agencies under the Permit Streamlining Act.
- 7) Establishes a statewide vehicle miles traveled (VMT) mitigation bank program that:

- a) Gives cities, counties, cities and counties, transit agencies, eligible tribal applicants as specified, and project developers the option to meet vehicle miles traveled mitigation obligations under the California Environmental Quality Act (CEQA) by paying into the Housing and Community Development Department's Transit-Oriented Development (TOD) program fund to support VMT-efficient affordable housing and related infrastructure projects, as specified.
 - b) Modifies the TOD program as specified so that it operates in conjunction with this VMT mitigation program, as specified, including requiring at least 20 percent affordability, requiring 55 year affordability covenants on TOD funded housing projects, and establishing prioritization for greater affordability, filling funding gaps, and project readiness.
 - c) Directs the Governor's Office of Land Use and Climate Innovation (GO-LCI) by July 1, 2026 and every three years thereafter, to create guidelines for the program, as specified, including methodologies to ensure nexus and proportionality between the development project seeking to mitigate its VMT impact and the TOD project that will provide the VMT mitigation.
 - d) Directs GO-LCI to evaluate the program after the program's first year in operation and, upon appropriation and with the agreement of the University of California, to contract with the University of California to evaluate other specified aspects of the VMT mitigation program.
- 8) Allows housing developments involving more than \$100 million in investment the option of utilizing the same streamlined CEQA process already open to smaller housing projects.
 - 9) Provides housing development projects with the option of meeting the air quality requirements to qualify for CEQA streamlining by showing consistency with the California Air Resources Board's Scoping Plan instead of using a quantitative net-zero greenhouse gas emissions analysis.
 - 10) Provides that CEQA does not apply to a housing development project (i.e., projects where at least two-thirds of the square footage is residential) that meets the following conditions:
 - a) The project site is not more than 20 acres, except for a builder's remedy site, which cannot be more than 5 acres.
 - b) The project site is either located within the boundaries of an incorporated municipality or is located within a Census Bureau-defined "urban area"
 - c) The project site has been previously developed with an "urban use" as specified, at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses, at least 75 percent of the area within a one-quarter mile radius of the site is developed with urban uses, or for sites with four sides, at least three out of four sides are developed with urban uses and

at least two-thirds of the perimeter of the site adjoins parcels that are developed with urban uses.

- d) The project is consistent with the applicable general plan and zoning ordinance, as well as any applicable specific plan and local coastal program.
 - e) The project will be at least one-half of the applicable "Mullin" density (i.e., at least five units per acre for an unincorporated area in a nonmetropolitan county, 10 units per acre in a suburban jurisdiction, and 15 units per acre in a metropolitan jurisdiction).
 - f) The project is not on an environmentally sensitive or hazardous site, as specified.
 - g) The project does not require the demolition of a historic structure that was placed on a national, state, or local historic register.
 - h) No portion of the project is designated for use as a hotel, motel, bed and breakfast inn, or other transient lodging.
- 11) Requires that projects that utilize the CEQA exemption provided by this bill undertake the follow with regards to California Native American tribes (tribes):
- a) Within 14 days of determining that an application for a project is complete, the local government must provide specified information to all tribes traditionally and culturally affiliated with the project site, and invite them to consult on the project;
 - b) Provides that each California Native American tribe has 60 days to notify the local government that it accepts the invitation to consult;
 - c) Requires the local government to begin the consultation within 30 days of notification that a tribe would like to consult, that the consultation must seek to find measures that would avoid significant impacts to a tribal cultural resource, and that deference must be given to tribal information, knowledge, customs, and understanding of the significance of any resources.
 - d) Specifies that the consultation must conclude within 45 days of initiation, subject to a one-time 15-day extension upon request by a participating tribe.
 - e) Requires the local government to include, as binding conditions of the project approval, any enforceable agreements reached during the project consultation, and all of the following measures, unless there is mutual agreement between the California Native American tribe and the project proponent not to include the measure as a binding condition:
 - i) Upon request by a California Native American tribe, the project must include tribal monitoring during all ground-disturbing activities, as specified;

- ii) Tribal cultural resources shall be avoided where feasible, as specified;
 - iii) The project must stop upon discovery of human remains or burial grounds, as specified;
- 12) Requires that projects that utilize the CEQA exemption provided by this bill undertake the following remediation measures:
- a) The development proponent must assess the site for environmental hazards, and mitigate for any hazards found, as specified, before the issuance of the certificate of occupancy.
 - b) Any housing on a site located within 500 feet of a freeway must include specified air filtration and design mitigations.
- 13) Establishes labor standards for all projects that utilize the CEQA exemption provided by this bill, as follows:
- a) Establishes, by county, a minimum wage for all construction workers, as specified;
 - b) Requires that construction workers be paid the prevailing wage, as specified, instead of the minimum wage rate in (a), for projects that are 100 percent affordable housing, for buildings that are over 85 feet in height, and for crafts in projects in San Francisco where at least 50 percent of the residential workforce has been receiving the prevailing wage, as specified;
 - c) Makes the project proponent liable if the general contractor or subcontractor fails to meet the wage standards established in (a), and enables a joint-labor management cooperation (JLMC) committee to enforce this requirement.
 - d) Enables a JLMC to enforce state law that ensure that contractors are properly licensed, are paying their payroll taxes, and have proper workers compensation insurance.
 - e) Specifies that the wage and enforcement standards listed in (a), (c), and (d) above do not apply to projects of 25 units or less.
- 14) Clarifies that providing legal services for homeownership preservation, including foreclosure prevention, is an eligible use of National Mortgage Settlement funds.
- 15) Eliminates a provision in state accessory dwelling unit law that any local agency that has adopted an ordinance by July 1, 2018, providing for the approval of accessory dwelling units in multifamily dwelling structures, must ministerially consider a permit application to construct an accessory dwelling unit meeting specified requirements, but may impose objective standards including design, development, and historic standards on said accessory dwelling units, but not minimum lot size requirements.

- 16) Prohibits the separate sale, lease, or financing of any individual parcel following ministerial approval of a starter housing subdivision project meeting specified eligibility requirements unless that parcel has a completed residential dwelling on it, with specified exceptions. Allows local jurisdiction to opt out of this prohibition.
- 17) Clarifies that any remainder parcel should not be taken into account when calculating project density for purposes of state law requiring ministerial approval of starter housing subdivision projects meeting specified eligibility requirements.
- 18) Makes the following changes to the Regional Housing Needs Assessment (RHNA) process in housing element law:
 - a) Requires the relevant Council of Governments (COG) to provide data assumptions from their projections for overcrowding and percentage of cost-burdened households based on the difference between the region's rates and those comparable regions in the United States.
 - b) Requires COGs to submit a draft allocation methodology and develop a revised methodology in consultation with HCD within 45 days, if HCD finds the draft allocation methodology does not further the objectives.
- 19) Removes several sunset dates within the Housing Accountability Act (HAA) making permanent provisions of the HAA that:
 - a) Define when a project application is "deemed complete" to mean when the project applicant has submitted a specified preliminary application or, if the applicant has not submitted a preliminary application, then when the applicant submitted a complete application as specified.
 - b) Define "objective" as meaning involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external and uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.
 - c) Require a court to issue an order to correct an action in the case of a local agency requiring a housing development project to comply with an ordinance or standard not in effect when the preliminary application was submitted.
 - d) Provide that the HAA applies to a housing development project that submits a specified preliminary application before January 1, 2030.
- 20) Removes several sunset dates within the Housing Crisis Act (HCA) making permanent provisions of the HCA that:
 - a) Prohibit local agencies from requiring more than five hearings on a housing development project that complies with the applicable, objective general plan and zoning standards in effect at the time the application is deemed complete.

- b) Require a local government to determine whether a site for a proposed housing development project is a historic site at the time the application is deemed complete.
- c) Require a local government to compile a list or lists that specify in detail the information required from any applicant for a development project, as specified.
- d) Authorize a housing development proponent to submit a preliminary application, and require a local government to determine the completeness of that preliminary application, as specified

21) Makes the following changes to the Davis-Sterling Act governing common-interest developments (CIDs):

- a) Specifies that reasonable restrictions on Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) in a CID shall not include any fees or other financial requirements.
- b) Limits fines that may be imposed on an association member in a CID, as specified. Additionally, the bill provides that an association member shall have the opportunity to cure a violation associated with damage to the common area or facilities by themselves or a guest, prior to a board meeting to discuss the violation, as specified.

22) Makes the following change to the State Lands Act (SLA):

- a) Removes school district and community college district real property from the definition of “exempt surplus land,” requiring this land must be disposed of in accordance with the SLA.

23) Makes the following changes to the Permit Streamlining Act (PSA):

- a) Provides that the PSA applies to an entitlement for a housing development project regardless if the permit is discretionary or ministerial. This change would not apply to a post-entitlement permit.
- b) Requires a local agency to approve or disapprove a ministerial permit within 60 days from the date of receipt of a complete application.

24) Makes the following changes to the California Coastal Act:

- a) Prohibits appeals for residential projects (projects that are exclusively residential and made up of four or more units) that are located in a sensitive coastal resource area or are not the principal permitted use in the Local Coastal Plan (LCP).
- b) Requires an annual report by the California Coastal Commission for residential projects that are appealed to evaluate how many residential projects were appealed; how many residential projects waived the timelines

for acting on an appeal; and how many residential projects were approved, approved with conditions, denied, or withdrawn on appeal to the CCC. The CCC shall include, for each project: a description of the project, including, but not limited to the number of units in the project, and the percentage of units affordable to low- and moderate-income households; time from the appeal to final decision on each project; and any conditions requested or imposed on a project, and the reason for approval, approval with conditions, or denial.

25) Makes the following additional changes:

- a) Requires the California Residential Mitigation Program (CRMP), upon appropriation by the Legislature, to fund the seismic retrofitting of affordable multifamily housing serving low- and moderate-income households, as specified.
- b) Prohibits specified conduct by a mortgage servicer in connection with subordinate mortgages, as defined, including, among other things, failure to communicate with the borrower in writing for over three years; failure to provide notice of a transfer of loan ownership as required; conducting or threatening to conduct a foreclosure sale after the relevant statute of limitations has run or after providing a form indicating the debt had been written off or discharged; and failure to provide required periodic account statements; among other things. Provides specified legal protections in foreclosure proceedings for borrowers subject to subordinate mortgages.

26) Extends the expenditure deadline by six months, and the reimbursement submission deadline by six additional months after that, for Regional Early Action Planning (REAP) 2.0.

27) Prohibits the California Building Standards Commission (CBSC) and any other adopting agency, from October 1, 2025, until June 1, 2031, from considering, approving, or adopting any proposed building standards affecting residential units unless any of the following conditions is met:

- a) The CBSC deems those changes necessary as emergency standards to protect health and safety.
- b) The building standards are related to home hardening and are proposed for adoption by the Office of the State Fire Marshal (SFM).
- c) The building standards are proposed for adoption in relation to the SFM's study of standards for single-exit, single stairway apartment houses with more than two dwelling units in buildings above three stories.
- d) The building standards are proposed for adoption pursuant to an adaptive reuse standards working group, to reduce potable water use in new residential buildings, or to support risk-based water quality standards for the onsite treatment and reuse of nonpotable water for certain residential buildings, as specified.

- e) The building standards are necessary to ensure the latest editions of the model codes are incorporated into the triennial edition of the California Building Standards Code.
 - f) The building standards are necessary to incorporate the updates to accessibility requirements that align with minimum federal accessibility laws, standards and regulations.
 - g) The building standards under consideration would take effect on or after January 1, 2032.
- 28) Prohibits a city or county from making changes or modifications to building standards affecting residential units, including to green building standards, from October 1, 2025 until June 1, 2031, unless one of the following conditions is met:
- a) The changes or modifications are substantially equivalent to changes or modifications that were previously filed by the governing body of the city or county and were in effect as of September 20, 2025;
 - b) The CBSC deems those changes or modifications necessary as emergency standards to protect health and safety;
 - c) The changes or modifications relate to home hardening; or
 - d) The building standards relate to home hardening and are proposed for adoption by a fire protection district pursuant to existing provisions governing the proposal of new standards by fire protection districts.
 - e) The changes are necessary to implement a local code amendment that is adopted to align with a general plan approved on or before June 10, 2025, and that permits mixed-fuel residential construction consistent with federal law while also incentivizing all-electric construction as part of an adopted greenhouse gas emissions reduction strategy.
 - f) The changes or modifications are related to specified administrative practices.
- 29) Requires CBSC to reject a modification or change to any building standard affecting a residential unit filed by the governing body of a city or county, from October 1, 2025 until June 1, 2031, unless one of the conditions in 28) above is met.
- 30) Requires a city or county to perform annual inspections on every homeless shelter in its jurisdiction to ensure that the shelter is compliant with existing law requirements relating to substandard housing. Provides that these inspections may be unannounced.
- 31) Specifies that a city shall conduct an inspection for the shelters within the city's jurisdiction; a county shall conduct an inspection for the shelters in the county's jurisdiction; and a city with a population under 100,000 may partner with its county to conduct an inspection.

- 32) Requires a homeless shelter to prominently display information about an occupant's rights and the process to report a complaint about a substandard shelter, including contact information for the owner or operator of the shelter, the city or county, and HCD. The shelter must also provide this information to any new occupant during intake.
- 33) Provides that a plaintiff who prevails in an action pursuant to this statute shall be entitled to recover reasonable attorney's fees and costs and authorizes HCD to bring a civil action pursuant to this statute.
- 34) Amends the annual report that each city and county is required to submit to HCD and BCSH as follows:
- a) Adds the number of complaints received by the city or county of substandard shelters, including if the city or county did not receive any complaints.
 - b) Requires a city or county to submit a report even if there are no outstanding violations, or any violations corrected, during the applicable period.
- 35) Requires HCD to withhold state funding from any city or county that fails to comply with reporting requirements or fails to take action to correct a substandard shelter violation.
- 36) Requires local jurisdictions, as part of their General Plan Annual Progress Reports, to provide data about the number of applications submitted, the location and number of developments approved, and the total number of building permits issued pursuant to the Affordable Housing on Faith and Higher Education Lands Act.
- 37) Clarifies that childcare centers may be incorporated into an eligible project pursuant to Affordable Housing on Faith and Higher Education Lands Act without limitation on the number of children.
- 38) Modifies specified height and parking restrictions applicable to Affordable Housing on Faith and Higher Education Lands Act projects.
- 39) Extends by up to one year the amount of time that the owner of a multifamily building has to complete required balcony inspections when the discovery of asbestos prevents timely inspection completion.

Fiscal Effect: This bill will result in no general fund costs. It provides for a continuous appropriation of funds from the Affordable Housing Default Reserve Account fund for the purpose of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted by the department.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 132 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Elisa Wynne

Subject: Taxation

Summary: This bill is the revenue trailer bill for the 2025-26 Budget. This bill contains various statutory changes necessary to implement the Budget Act of 2025.

Proposed Law: This bill contains the following statutory changes necessary to implement the Budget Act of 2025:

- 1) Applies the Marketplace Facilitator Act to include any fee imposed pursuant to the Electronic Waste Recycling Act of 2003, replacing a more specific reference to the covered electronic waste recycling fee, to clarify that any fees collected under the Electronic Waste Recycling Act are to be collected by the marketplace facilitator.
- 2) Allows the California Department of Tax and Fee Administration (CDTFA), in consultation with the Department of Motor Vehicles, to exempt used car dealers from the requirement to file a separate return with CDTFA when used motor vehicles are sold at a retail establishment, in addition to paying applicable sales and use taxes to the Department of Motor Vehicles. This exemption may be provided to used car dealers whom:
 - a) have accounts in good standing with CDTFA and;
 - b) have sold more than 1,000 or more vehicles at retail in the current or preceding calendar year.
 - c) Allows exemptions to be made for reporting periods beginning on or after January 1, 2021.
- 3) Recasts and restates that the authority for the County of Sonoma, or any city within that county, and the Sonoma County Transportation Authority are determined separately to allow each to increase a transactions and use tax at a rate of no more than 1 percent that, in combination with other transactions and use taxes, would exceed the cap of 2 percent, specified in current law for the combined rate of all taxes imposed in the county. Requires that any ordinance exercising this authority be approved by voters before January 1, 2026.
- 4) Extends the Pass-Through Entity Elective Tax (PTET) from 2026 to 2030, subject to a trigger if the federal cap on state and local tax (SALT) deductions is extended. Allows

business entities to make a late prepayment, subject to a 12.5 percent reduction in the credit generated from the late payment, beginning in the 2026 tax year.

- 5) Directs any historic rehabilitation tax credits from the 2025 calendar year that are unallocated as of July 1, 2025, plus any amount of unallocated tax credits from the prior year, to be made available within 90 days to applicants with qualified rehabilitation expenditures of \$1 million or more for affordable housing projects that were eligible for, but did not receive, a previous tax credit award due to oversubscription.
- 6) Increases the amount of tax credits available annually for allocation in the California Film and Tax Credit Program 4.0 from \$330 million to \$750 million for each of the fiscal years 2025-26 through 2029-30.
 - a) Excludes from gross income retirement pay up to \$20,000 from the federal government for services performed in the uniformed services.
 - b) Excludes from gross income annuity payments up to \$20,000 received pursuant to a United States Department of Defense Survivor Benefit Plan.
 - c) Qualified taxpayers include individuals whose adjusted gross income does not exceed \$125,000 and for a surviving spouse, or spouses filing a joint return whose adjusted gross income does not exceed \$250,000 for the same taxable year.
 - d) Applies for taxable years beginning after January 1, 2025 and before January 1, 2030.
- 7) Provides an exclusion from gross income for any qualified taxpayer, for settlement amounts received, on or after January 1, 2021 and before January 1, 2030, in connection with a wildfire in the state.
- 8) Provides an exclusion from gross income for amounts received, on or after March 1, 2024, as compensation for specified costs and losses related to the Chiquita Canyon elevated temperature landfill event in Los Angeles (LA) County.
- 9) Includes Legislative intent language that costs for the Franchise Tax Board to administer the collection of court-ordered financial payments, as specified in statute, not exceed 20 percent of the amount collected for the 2025-26 fiscal year and each fiscal year thereafter. This replaces a prior administrative cap of 15 percent.
- 10) Requires financial institutions to use a single sales factor apportionment formula for purposes of apportioning multi-state income for taxable years beginning January 1, 2025 or later.
- 11) Renames Part 16 of the Revenue and Taxation Code as the Firearm, Firearm Precursor Part, and Ammunition Excise Tax and provides that it may be known and cited as the California Firearm Excise Tax Law.
 - a) Clarifies, for purposes of the California Firearm Excise Tax Law, a licensed firearms dealer, firearms manufacturer, or ammunition vendor in this state who

transfers physical possession of any firearm, firearm precursor part, or ammunition to a purchaser in this state on behalf of an out-of-state retailer engaged in business in this state is deemed the retailer, as specified.

Fiscal Effect: The provisions of this bill result in a net General Fund benefit of approximately \$170 million for the 2025-26 fiscal year, including:

- 1) The provisions of this bill related to the Film and Television Tax Credit expansion are estimated to reduce revenues by \$15 million in 2025-26, by \$70 million in 2026-27, by \$144 million in 2027-28, and by \$209 million in 2028-29.
- 2) The provisions of this bill related to the military retirement pay exclusion are estimated to reduce revenues by \$130 million in 2025-26 and by \$80 million annually in future years.
- 3) The provisions of this bill related to the Single Sales Factor for Financial institutions are estimated to increase revenues by \$330 million in 2025-26, by \$280 million in 2026-27, by \$260 million in 2027-28, and by \$270 million in 2028-29.
- 4) The provisions of this bill related to the Wildfire Settlements exclusion are estimated to reduce revenues by \$28 million in 2024-25, by \$15 million in 2025-26, by \$11 million in 2026-27, by \$4.4 million in 2027-28, and by \$1.3 million in 2028-29.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

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|--------------------|-----------------------|----------------------|---------------|
| Bill No: | AB 134 | Hearing Date: | June 25, 2025 |
| Author: | Committee on Budget | | |
| Version: | June 24, 2025 Amended | | |
| Urgency: | Yes | Fiscal: | Yes |
| Consultant: | Nora Brackbill | | |

Subject: Public Safety

Summary: This bill, as part of the 2025-26 Budget package, makes the following statutory changes:

- 1) Includes the following statutory changes related to California Department of Corrections and Rehabilitation (CDCR):
 - a. Allows incarcerated individuals who are full-time students to also hold a job or participate in programming, aligning with full-time workers.
 - b. Updates statutory requirements related to pre-licensure activities for specified mental health classifications, and includes licensed clinical counselors and marriage and family therapists.
 - c. Updates tuberculosis testing procedures for CDCR, including for new employees and for employees that do not have regular contact with the incarcerated population.
- 2) Establishes a tribal police pilot under the Department of Justice and Commission on Peace Officer Standards and Training, including:
 - a. Establishes the pilot from July 1, 2026 to July 1, 2029.
 - b. Sets minimum standards and training for participating entities and peace officers.
 - c. Authorizes participating tribes to participate in specified activities, such as establishing a domestic violence death review team and entering into agreements related to Missing and Murdered Indigenous Persons cases, among others.
 - d. Appropriates \$5 million General Fund for implementation.
- 3) Clarifies the delegation of certain responsibilities for the Board of State and Community Corrections (BSCC) related to determining the suitability of facilities for the confinement of juveniles, and provides BSCC with the authority to file civil suits.

- 4) Includes the following changes to implement budget solutions:
- a. Eliminates the requirement for the Office of the Inspector General to monitor CDCR's implementation of the Blueprint.
 - b. Eliminates the Council on Criminal Justice and Behavioral Health and the California Rehabilitation Oversight Board.
 - c. Removes the requirement for BSCC to report on Community Corrections Partnership Plans, as the 2024-25 budget removed the funding and requirement for counties to submit those plans to BSCC.
 - d. Eliminates the now unused Recidivism Reduction Fund, as the remaining funds were transferred to the General Fund in the 2024-25 budget.

Fiscal Effect: The provisions of this bill are necessary to implement the requirements of the 2025-26 Budget.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 136 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: Nora Brackbill

Subject: Courts

Summary: This bill, as part of the 2025-26 Budget package, makes the following statutory changes:

- 1) Streamlines various requirements for the courts to report to the Legislature, including:
 - a. Codifies existing annual reporting on trial court operations and metrics, first required in the Budget Act of 2022.
 - b. Eliminates the following three annual reports:
 - i. *Standards of Timely Disposition*
 - ii. *Standards and Measures That Promote the Fair and Efficient Administration of Justice*
 - iii. *State Trial Court Improvement and Modernization Fund Expenditures*
 - c. Changes the due date of the report on *Allocations and Reimbursements to the Trial Courts* from September 30 to February 1.
 - d. Clarifies that the Judicial Council only must submit *Cash-Flow Loans Made to Trial Courts* report if a loan is actually made during the covered time frame.
- 2) Repeals the jury duty pilot related to compensation and mileage reimbursement that was established pursuant to AB 1981 (Lee), Chapter 326, Statutes of 2022.
- 3) Authorizes the Judicial Council to sell four surplus properties, as specified, with proceeds deposited into the General Fund.
- 4) Appropriates \$4.7 million General Fund to the State Court Facilities Construction Fund to provide a one-time backfill.

Fiscal Effect: The provisions of this bill are necessary to implement the requirements of the 2025-26 Budget.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 137 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Jessica Uzarski

Subject: State Government

Summary: This general government trailer bill contains the necessary changes to implement provisions adopted as part of the Budget Act of 2025.

Proposed Law: This bill makes various statutory changes to implement the general state government provisions of the Budget Act of 2025. Specifically, this bill makes the following statutory changes:

- 1) Updates Civil Code Sections 1798.155, 1798.199.55, 1798.199.90, and 1798.160 to create sub-funds for CPPA enforcement, DOJ enforcement, and grants and clarifies the appropriate use of such sub-funds.
- 2) Updates various Financial and Corporations Code Sections to allow for adjustments to programmatic fees and assessments.
- 3) Extends the authority of the California Infrastructure and Economic Development Bank (IBank) to provide financial assistance to climate catalyst projects through December 31, 2031.
- 4) Extends the California Public Records Act exemption for specified documents related to applications for funding from IBank, including the Climate Catalyst Revolving Fund and the Venture Capital Program, through December 31, 2031.
- 5) Requires notice to the Joint Legislative Budget Committee when adopting, revising, or repealing a financing plan or when federal funds transition to state funds.
- 6) Increases reporting requirements and makes other technical and clarifying amendments to the statutes governing the Climate Catalyst Revolving Fund.
- 7) Updates Government Code sections 9795 and 10242.5 which establish the process for state or local agencies to submit reports to the Legislature that are required or requested by law. The changes to these two sections allow reports to be submitted electronically to the Secretary of the Senate, the Chief Clerk of the Assembly, and the Legislative Counsel.
- 8) Adds Section 11011.4 to the Government Code to streamline the process of disposing of surplus Department of Corrections and Rehabilitation property,

including allowing for redevelopment under specified circumstances and prohibiting the use of property for detention or carceral purposes.

- 9) Updates Government Code Section 12012.85 to delete the authorization for moneys in the Indian Gaming Special Distribution Fund to be appropriated for support of state and local governmental agencies impacted by tribal government gaming, and authorize moneys in the fund to be appropriated for compensation for regulatory costs incurred in connection with implementing and administering class III gaming secretarial procedures.
- 10) Modifies the federal match requirements for applicants to the Small Business Technical Assistance Program (TAP) at the California Office of the Small Business Advocate (CalOSBA) so that, if an applicant's federal contract was canceled, frozen, or rescinded in the 2024–25 fiscal year, then for grants made in fiscal years 2025–26 to 2027–28, inclusive, the applicant may rely on federal contracts from prior years, as specified, to qualify.
- 11) Provides the Governor's Office of Land Use and Climate Innovation with the authority to require submission of General Plan Annual Progress Reports using standard forms, standards, and definitions.
- 12) Ties the definition of "vulnerable communities," for the purposes of the Integrated Climate Adaptation and Resiliency Program (ICARP), to the most recent "Defining Vulnerable Communities in the Context of Climate Adaptation" resource guide published by the Governor's Office of Land Use and Climate Innovation.
- 13) Clarifies that the definition of "eligible child" includes residents of California who are 18 years of age or older who, prior to attaining 18 years of age, had a parent, Indian custodian, or legal guardian who died due to COVID-19 during the federally declared COVID-19 public health emergency and met the specified family household income limit, thereby expanding eligibility for a HOPE trust account.
- 14) Clarifies the authority of the Attorney General to access other state agencies' records, and the legal separation of state agencies from other state agencies, including legal control over state documents.

Fiscal Effect: This bill would require transfers and expenditures related to continuously appropriated funds.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 139 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Hans Hemann

Subject: State employment: State Bargaining Units 9 and 12

Summary: Makes necessary statutory changes to ratify and implement a memorandum of understanding (MOU) between the state and Bargaining Unit (BU) 9 and an addendum to an MOU between the state and BU 12. The agreements cover state employees represented by two exclusive employee representatives, as follows:

Professional Engineers in California Government (PECG)

- BU 9: Professional Engineers

International Union of Operating Engineers (IUOE)

- BU 12: Operating Engineers

Existing Law:

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

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

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

Proposed Law: This bill ratifies an MOU entered into between the state and BU 9 and an addendum to an MOU entered into between the state and BU 12. Specifically, this measure does the following:

Memorandum of Understanding with BU 9. This bill ratifies an MOU entered into on June 19, 2025 between the state and BU 9, which is represented by the Professional Engineers in California Government (PECG). The MOU agreement is as follows:

Compensation

Salary Adjustments

- Effective July 1, 2025, all Bargaining Unit (BU) 9 classifications shall receive a general salary increase of 3 percent (3%).
- Effective July 1, 2027, all BU 9 classifications shall receive a special salary adjustment, increasing the maximum salary range by 4.5 percent (4.5%) and increasing the minimum salary rate by 2 percent (2%). Employees at the old maximum of the classification shall move to the new maximum of the classification. Employees not at the old maximum of the classification shall receive a Special Salary Adjustment of 2 percent (2%).

Personal Leave Program 2025

- Effective with the July 2025 pay period through the June 2027 pay period.
- Three percent (3%) pay reduction for all BU 9 employees.
- Five (5) hours credited monthly for the PLP 2025 Program.

Telework Stipend Program

- Effective June 30, 2025, the Telework Stipend Program will sunset.

Prefunding of Post-Retirement Health Benefits

- Effective July 1, 2025, the employee and employer monthly contributions to prefunding other post-employment benefits for BU 9 will be suspended through June 30, 2027.

Leave*Bereavement Leave*

- This section was updated to reflect changes to bereavement leave authorized on January 1, 2023, by Assembly Bill 1949, which added section 12945.7 to the Government Code.

Vacation Leave

- Effective July 1, 2025, the BU 9 vacation leave cap will continue to be 832 hours.
- Effective January 1, 2026, the BU 9 vacation leave cap will be 768 hours.
- Effective January 1, 2027, the BU 9 vacation leave cap will be 704 hours.
- Effective January 1, 2028, the BU 9 vacation leave cap will be 640 hours.

Annual Leave Program

- Effective July 1, 2025, the BU 9 annual leave cap will continue to be 832 hours.
- Effective January 1, 2026, the BU 9 annual leave cap will be 768 hours.
- Effective January 1, 2027, the BU 9 annual leave cap will be 704 hours.
- Effective January 1, 2028, the BU 9 annual leave cap will be 640 hours.

Miscellaneous*Business and Travel Expense*

- This section reflects the current travel program that has been in place since October 1, 2024. This is consistent with the BU 9 Side Letter agreement that was signed on September 12, 2024.

On-Call/Standby Time

- This article clarifies that on-call/standby time applies to all BU 9 employees.

Furlough Protection

- For the term of the Personal Leave Program 2025, July 1, 2025, through June 30, 2027, the State will not implement a Furlough Program.

Post-Retirement Health and Dental Benefit Vesting

- This section aligns the health and dental vesting schedules with CalPERS provisions.

Return-to-Office Side Letter

- This Side Letter suspends Executive Order N-22-25 immediately, and reinstates it on July 1, 2026, unless the agreement is not ratified by both parties. Departments shall rescind any existing Return-to-Office notices and revise policies tied to Executive Order N-22-25.

Term

- July 1, 2025, through June 30, 2028.

Duration

- Effective July 1, 2025. The union ratification process will be completed no later than July 3, 2025.

Fiscal

- Fiscal Year 2025-26 Savings: \$38.6 million (\$2.8 million General Fund)
- Total 3-Year Budgetary Cost: \$92.7 million (\$6.6 million General Fund)

Addendum to a Memorandum of Understanding with BU 12. This bill ratifies an addendum to an MOU entered into between the state and BU 12, which is represented by International Union of Operating Engineers (IUOE). The agreement is, as follows:

Compensation*General Salary Adjustment*

- The existing MOU contains a 4 percent (4%) increase to the maximum of the salary range for all BU 12 classifications effective July 1, 2025. This agreement amends that provision and all BU 12 employees shall receive a general salary increase of 3 percent (3%) effective July 1, 2025.

Personal Leave Program (PLP 2025)

- Effective July 1, 2025 pay period through the June 2027 pay period, PLP 2025 will apply to BU 12-represented employees.
- Employees continue to work their assigned work schedules and shall have a reduction in pay equal to three percent (3%) pay reduction.
- Each full-time employee shall be credited with five (5) hours of PLP 2025 on the first day of each pay period for the duration of the PLP

2025 program. On June 1, 2027, BU 12-represented employees shall receive an additional eight (8) hours of PLP 2025.

- PLP 2025 accruals do not expire. PLP 2025 may be cashed out upon separation from state service.
- PLP 2025 leave shall not be considered as “time worked” for overtime purposes except when an employee is “mandated” to work overtime.
- The State shall not seek furlough compensation or additional personal leave program (PLP) reductions from BU 12-represented employees during the term of this MOU.

Health Benefits

Health, Dental, Vision

- The State’s monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent (80%) 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, 2027.

Prefunding of Other Post-Employment Benefits (OPEB)

- The employer and employee’s monthly contribution for prefunding other post-employment benefits (OPEB) for the 2025-26 and 2026-27 fiscal years of 4.1 percent (4.1%) is suspended and shall not be contributed by the employer and shall not be withheld from employees’ salaries from July 1, 2025 through June 30, 2027.
- Commencing July 1, 2027, OPEB contributions shall be restored with the goal of reestablishing a 50-percent cost sharing of actuarially determined total normal costs for both the employer and employees with a three-year phase-in period (see Side Letter). Beginning July 1, 2027, both the employer and employee shall contribute 1.40 percent (1.40%) of pensionable compensation.
- Beginning July 1, 2028, both the employer and employee shall contribute 2.7 percent (2.7%) of pensionable compensation.
- Beginning July 1, 2029, both the employer and employee shall contribute 4.1 percent (4.1%) of pensionable compensation.
- Effective July 1, 2030, both the employer and employee contribution percentages will be increased or decreased to maintain a 50-percent cost sharing of actuarially determined total normal costs. The increase or decrease to the employer or employee contribution in any given fiscal year shall not exceed 0.5 percent (0.5%) per year.

Retirement

- The existing MOU contains changes to employee retirement contributions effective July 1, 2025. Increases to employee retirement

contributions provided for in Article 11.1 and Article 11.4 will be suspended through June 30, 2027.

Term

- Upon ratification by both parties, the MOU current term is extended from June 30, 2026, to June 30, 2027.

Fiscal

- Fiscal Year 2025-26 savings: \$30.3 million (\$10.9 million General Fund)

Achieving Additional Savings. Includes uncodified language that approves any memoranda of understanding or addenda to a memoranda of understanding entered into by the state employer and state employee bargaining unit between June 21, 2025 and June 30, 2025 that includes measures that achieve savings that contribute to meeting the reductions pursuant to Section 3.90 of the Budget Act of 2025.

Fiscal Effect: This bill results in a savings of \$68.9 million (\$13.7 million General Fund) in fiscal year 2025-26 with the implement the MOU and the addendum to an MOU as described above.

Support: None on file.

Opposed: None on file.

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SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 140 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Hans Hemann

Subject: State employment: State Bargaining Unit 6

Summary: Makes necessary statutory changes to ratify and implement a memorandum of understanding (MOUs) between the state and Bargaining Unit (BU) 6. The agreements cover state employees represented by the exclusive employee representative, as follows:

California Correctional Peace Officers Association (CCPOA)

- BU 6: Correctional Officers

Existing Law:

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

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

Proposed Law: This bill ratifies an MOU entered into between the state and BU 6 and includes provisions to take effect immediately. Specifically, this measure does the following:

Memorandum of Understanding with BU 6. This bill ratifies an MOU entered into on June 12, 2025 between the state and BU 6, which is represented by the California Correctional Peace Officers Association. The MOU agreement is as follows:

Compensation

General Salary Adjustment

- Effective July 1, 2025, all Bargaining Unit (BU) 6 classifications shall receive a general salary increase of three percent (3%).
- Effective July 1, 2027, all BU 6 classifications shall receive a general salary increase of three percent (3%).
- In order to address budget short falls, the parties agreed to a Personal Leave Program 2025 (PLP 2025).

Personal Leave Program 2025

- Effective with the July 2025 pay period through the June 2027 pay period.
- Three percent (3%) pay reduction for all BU 6 employees.
- 5 hours credited monthly for the PLP 2025 Program, except as follows:
 - Fire Captain (9001), Range L and M (192 Hour Schedule) = 7 hours
 - Fire Captain (9001), Range N and P (216 Hour Schedule) = 7 hours

Prefunding of Post-Retirement Health Benefits

- Suspends the employer's monthly contribution for prefunding other post-employment benefits for the 2025-26 and 2026-27 fiscal years of four percent (4%) is suspended and shall not be contributed by the employer from July 1, 2025 through June 30, 2027. The employees' monthly contribution of four percent (4%) of pensionable compensation for prefunding other post-employment will continue uninterrupted.

Retention Differential for Hard-to-Keep/Fill Institutions

- Effective the first day of the pay period following ratification and approval of the MOU, new and current BU 6 employees who work at Salinas Valley State Prison, California State Prison, Sacramento, or R.J. Donovan will be eligible to accrue a \$10,000 retention differential, payable in two (2) payments during the term of the MOU. For the first payment, BU 6

employees shall receive \$416 for each qualifying pay period worked between July 2025 and June 2026, to be paid in a single lump sum during the month of July 2026. For the second payment, BU 6 employees shall receive \$416 for each qualifying pay period worked between July 2026 through June 2027, to be paid in a single lump sum during the month of July 2027.

Location Incentive Bonus

- Effective the first day of the pay period following ratification of this agreement by both parties, cadets who accept work at one of the eligible institutions listed below will be eligible to receive a \$5,000 location incentive bonus, payable in two (2) payments, upon graduation from the academy and reporting to the institution if the following applies: The institution is 50 or more miles away from their current home address, and they are required to relocate from their home address.
 - Eligible Institutions:
 - Salinas Valley State Prison
 - California State Prison, Sacramento
 - R.J. Donovan Correctional Facility
 - Kern Valley State Prison
 - Pelican Bay State Prison
 - High Desert State Prison
 - San Quentin State Prison
 - California State Prison, Los Angeles County
 - California State Prison, Corcoran

Housing Stipends and Recruitment/Retention Incentives

- Housing Stipends:
 - Effective the first day of the pay period following ratification and approval of the MOU, Salinas Valley State Prison will no longer be eligible for the housing stipend.
 - Effective the first day of the pay period following ratification and approval of the MOU, employees employed at the Correctional Training Facility by September 8, 2025 will continue to receive the housing stipend. Employees hired after September 8, 2025, will no longer be eligible to receive the housing stipend.
- Recruitment and Retention Incentives:
 - Effective the first day of the pay period following ratification and approval of the MOU, employees at Salinas Valley State Prison will be eligible for the recruitment and retention incentive of \$2,600, payable in two (2) semi-annual payments of \$1,300.
 - After September 8, 2025, new hires and transfers at Avenal, Calipatria, Centinela, and Ironwood State Prisons are not eligible for the recruitment and retention incentive.

Health Benefits

Health, Dental, Vision

- The State's monthly health benefit contribution for each employee shall continue to be a flat dollar amount equal to 80 percent (80%) 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, 2026, January 1, 2027, and January 1, 2028.
- Removes the language that during their first twelve months, new BU 6 employees are not eligible to enroll in the Union-sponsored fee-for-service plan.

Miscellaneous

Class B Driver's License

- Language was added clarifying that BU 6 employees with a Class C License and/or a Class C License with a Firefighter endorsement are and have been eligible for the Commercial Driver's License pay differential.

Personnel Investigations

- Enhancements were made to this section outlining notice requirements when a BU 6 employee is ordered to attend an interview by CDCR, which now includes routine reviews. The entire section was also rearranged to make it flow better, and headers were added to clearly identify topics within the section.

Random Substance Testing Program

- The parties recognize California law, specifically AB 2188 (Chapter 392, Statutes of 2022), which protects California employees from discrimination based on their off-duty, off-site cannabis use. As such, the parties agree correctional facilities, units, offices, and anywhere BU 6 employees work and interact with supervised/incarcerated individuals will be maintained as a drug-free workplace, consistent with the California Penal Code. Balancing an employer's right to maintain a safe and secure workplace and BU 6 employee's statutory right to choose to use cannabis off-duty, the parties agree to remove the testing requirement for marijuana/cannabinoids (THC) from the random testing panel.
- The testing requirement for marijuana/cannabinoids (THC) under the Federal Motor Carrier Safety Administration's annual minimum testing for covered drivers with a commercial driver's (Class C) license or Class C driver's license with a Firefighter endorsement will remain in place.

Video Recordings

- Within ninety (90) days of ratification and approval of the MOU, for routine matters, BU 6 employees will be granted the opportunity to review Audio/Visual Surveillance Systems (AVSS) data from an institutional fixed camera(s) of an incident they were involved in either prior to or after writing and submitting their initial incident report to the extent operationally and technologically feasible.

Duration

- July 3, 2025, through July 2, 2028.

Term

- Effective the first day following ratification and approval of the MOU. The union ratification process will be complete July 2025.

Fiscal

- Fiscal Year 2025-26 Savings: \$88.4 million (\$88.4 million General Fund)
- Total 4-Year Incremental Cost: \$149.6 million (149.6 million General Fund)
- Total 4-Year Budgetary Cost: \$608.1 million (\$608.1 million General Fund)

Fiscal Effect: This bill reduces employee compensation by \$88,392,000 (\$88,392,000 General Fund) in Fiscal Year 2025-26 to implement the MOU as described above.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 141 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Jessica Uzarski

Subject: California Cannabis Tax Fund

Summary: This cannabis trailer bill contains the necessary changes to implement provisions adopted as part of the Budget Act of 2025.

Proposed Law: This bill makes various statutory changes to implement the general state government provisions of the Budget Act of 2025. Specifically, this bill makes the following statutory changes:

Updates Section 34019 of the Revenue and Taxation Code to allow a shift in funding for costs related to maintaining and operating the track and trace system and for conducting civil and criminal enforcement, to the Cannabis Tax Fund. Also contains a change to the eligibility of local governments related to Board of State and Community Corrections grants.

Fiscal Effect: This bill would require funds in the Cannabis Tax Fund, a continuously appropriated fund, to be used for the track and trace system and for conducting civil and criminal enforcement.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

Bill No: AB 142 **Hearing Date:** June 25, 2025
Author: Committee on Budget
Version: June 24, 2025 As amended
Urgency: No **Fiscal:** No
Consultant: Eunice Roh

Subject: Deaf and Disabled Telecommunications Program

Summary: This bill relates to the Deaf and Disabled Telecommunications Program.

Proposed Law: Extends the surcharge for the Deaf and Disabled Telecommunications Program (DDTP) until December 31, 2034 and authorizes the California Public Utilities Commission to make recommendations to the Legislature regarding the appropriations for the DDTP.

Support: None on file.

Opposed: None on file.

-- END --

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Scott Wiener, Chair

2025 - 2026 Regular

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|--------------------|-----------------------|----------------------|---------------|
| Bill No: | AB 143 | Hearing Date: | June 25, 2025 |
| Author: | Committee on Budget | | |
| Version: | June 24, 2025 Amended | | |
| Urgency: | Yes | Fiscal: | Yes |
| Consultant: | Elizabeth Schmitt | | |

Subject: Developmental services

Summary: Provides for statutory changes necessary to enact human services related provisions of the Budget Act of 2025.

Proposed Law: As part of the 2025-26 budget package, this bill makes statutory changes to implement the budget act. The bill includes the following provisions:

- 1) Makes regional center implicit bias training subject to an appropriation by the Legislature.
- 2) Changes the expiration date of the current “hold harmless” policy for developmental services providers whose rates exceed rate model recommendations from June 30, 2026 to February 28, 2026.
- 3) Beginning in the 2026-27 fiscal year, requires a developmental services provider to be compliant with electronic visit verification, home- and community-based services rules, and applicable annual fiscal reviews and audit requirements as a condition of eligibility for the quality incentive program.
- 4) Establishes ongoing meeting and reporting requirements related to implementation of the Master Plan for Developmental Services.
- 5) Makes regional center health and safety waiver assistance subject to appropriation by the Legislature.
- 6) Requires the Department of Developmental Services (DDS), with input from the community, as specified, to issue a written directive defining the term “cost effective,” for the purposes of all programs, including but not limited to the Self-Determination Program, no later than August 1, 2026.
- 7) Makes various changes to the DDS Self-Determination Program, as follows:
 - a. Requires DDS to reduce barriers to participation and improve equity in enrollment by establishing, with community input, no later than March 1, 2027, statewide standardized processes and procedures for the Self-Determination Program. These standardized processes and procedures relate to enrollment, individual budgets, spending plans, financial management services, and access to transition supports.

- b. Requires initial individual budgets in the Self-Determination Program to be the total amount of the most recently available 12 months of purchase of service authorizations, services authorized by the Individual Program Plan (IPP) team but not currently provided in a purchase of service authorization, less services paid for by the regional center outside of the self-determination program and one-time expenses.
 - c. Requires the IPP team to discuss unmet needs for participants with no or low purchases of services.
 - d. Allows participants to transfer between service codes and budget categories upon the approval of the regional center or the participant's IPP team. Requires regional centers to provide timely authorization to the participant's financial management service.
 - e. Requires regional centers to certify participant spending plans to verify that goods and services satisfy the following criteria: (1) address the individual's desired outcomes identified in their IPP; (2) are not available from generic services; and (3) are eligible for federal financial participation.
- 8) Commencing July 1, 2025, requires the hourly rate for the tailored day service option to be set by DDS and posted on its website.
- 9) Repeals the parental fee program.
- 10) Makes various changes to employment services, including defining group supported employment ratios as low as one to two and as high as 1 to 8. Requires hourly rates for employment services to be set by DDS and posted to its website.
- 11) Makes various technical and conforming changes.

Fiscal Effect: Appropriates \$2.78 million from the General Fund to DDS for project planning activities at regional centers associated with the Life Outcomes Improvement System.

Support: None on file.

Opposed: None on file.

-- END --