SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1458**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Farra Bracht**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Transportation.

Summary: Provides for statutory changes necessary to enact the transportation provisions of the Budget Act of 2014.

Background: As part of the 2014-15 budget package, AB 1458 makes statutory changes to implement the budget act.

Proposed Law:

This bill makes all of the following statutory changes:

1. **Funding for the California Aid to Airports Program (CAAP).** Authorizes the Department of Transportation to transfer funds from the Local Airport Loan Account (LALA) to the Aeronautics Account to fund the CAAP if funds in the LALA exceed projected needs and the transfers do not reduce the fund balance below $5 million. The LALA provides discretionary state loans to eligible airports. The CAAP provides grants to fund operational safety and airport improvement projects within California's air transportation system of 245 public-use airports and leverages about $275 million in federal funds annually. This proposal would retain a healthy fund balance so that loans could still be provided to airports and, at the same time, increase the funding available for projects at public-use airports.

2. **Right-of-Way Costs for Transportation Projects.** Closes a loophole in the state transportation improvement program (STIP) process that programs and allocates funds for transportation capital projects over a multi-year period. This change would help to better ensure that project costs shown in the STIP better reflect actual right-of-way purchase costs and thereby improve the process for allocating transportation funds.

3. **Date of Program Adoption for the Active Transportation Program (ATP).** Changes the date of adoption for the 2015 program of projects for the ATP from April 1, 2015 to December 31, 2015, so that the adoption of the initial program of projects does not overlap with the call for projects for the second round of funding. This is a one-time change. Beyond this date, programs of projects would be adopted by April 1 of each odd-numbered year, or alternatively, on an annual basis. The ATP is intended to encourage use of active modes of transportation such as biking and walking.

4. **AB 60 (Alejo), Chapter 524, Statutes of 2013, Affidavit-Related Language.** Allows an applicant to use the Department of Motor Vehicle's driver's license application to declare that he or she has never been issued a social security number or is not presently eligible for one. Existing law requires an applicant to submit an affidavit attesting that he or she is

both ineligible for a social security account number and unable to submit proof of authorized presence in the United States.

5. **Study of Advertising on Electronic Changeable Message Signs.** Requires the Department of Transportation to report by January 10, 2015 to the budget and appropriate policy committees of both houses of the Legislature, on the subject of advertising on electronic changeable message signs on the state highway system. The report will assess the feasibility of a pilot project and include estimates of revenue.

6. **Fresno County Proposition 42 Maintenance of Effort Extension (MOE).** Extends until June 30, 2020, Fresno County's requirement that it meet its MOE currently owed to its local Transportation Investment Fund for the 2009-10 fiscal year. The extension of the MOE is conditioned on the County of Fresno continuing to provide medical services to the indigent and undocumented persons consistent with the eligibility and benefit provisions that were in effect in the 2013-14 fiscal year.

7. **Cap on Clean Air Vehicle Program.** Increases the cap on the "green sticker" Clean Air Vehicle program from 40,000 to 55,000. This program allows certain low-emission and energy-efficient vehicles with a single occupant to use high-occupancy vehicle lanes.

8. **Study of Funding for the Off-Highway-Vehicle (OHV) Trust Fund.** Requires the Department of Transportation in cooperation with the Department of Parks and Recreation and the Department of Motor Vehicles to conduct an updated study of OHV utilization to determine the appropriate transfer of gas taxes to the OHV trust fund. The study is due to the Legislature by January 1, 2016.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2014-15 budget.

Support: NA

Opposed: NA

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to transportation.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1459**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Brady Van Engelen, Mark Ibele and Farra Bracht**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: General Government Omnibus Trailer Bill

Summary: This measure makes various statutory changes necessary to implement the general government-related provisions of the Budget Act of 2014.

Background: As part of the 2014-15 budget package, AB 1459 makes various statutory changes to implement the budget act.

Proposed Law: This bill includes the following key changes:

1. Transfers unencumbered funds within the State School Deferred Maintenance Fund to the State School Utilization Fund for the administration of the Leroy F. Greene School Facilities Act of 1998.

2. Establishes that, beginning July 1, 2014, a contractor or subcontractor would be required to register with the Department of Industrial Relations, pay an initial nonrefundable registration fee of $300, pay an annual renewal fee each July 1 thereafter, and as part of the registration process, provide specified information to establish the contractor's eligibility to be registered. Fee revenues will be used for the reasonable costs of administering the registration and qualification of contractors, the costs and obligations associated with administration and enforcement requirements related to prevailing wage responsibilities, and public works projects monitoring and enforcement duties of the Labor Commissioner.

3. Transfers authority for the management of state records from the Department of General Services to the Secretary of State.

4. Authorizes the Department of Technology to require and collect monthly payments for services provided to client agencies.

5. Repeals the January 1, 2015, sunset date for the Department of Technology.

6. Clarifies the names of various state entities.

7. Establishes a new State-County Assessor Partnership Program, using a grant approach funded at $7.5 million. The program is designed to improve property tax assessment for purposes of the local property tax collections. Currently, neither local schools nor the state contribute to local property tax administration costs. Schools benefit from the property tax, and the revenues offset state Proposition 98 costs. The pilot program is funded for three years and requires a county funding match equivalent to the state grant amount.

8. Contains provisions that allow for the distribution of local property taxes that otherwise would continue to be impounded. Under current law, certain property taxes, collected pursuant to the supplemental roll, cannot legally be distributed to local governments if all a county's school districts are basic aid. The bill would address this technical issue and allow for the distribution of these "stranded" property taxes. When all of a county's K-12 schools are basic aid, the property tax that currently cannot be distributed to these schools, would be redistributed to the county, County Office of Education, Community Colleges, cities, and special districts. The distribution would be proportionate to each affected taxing entity's share of the "AB 8 base."

9. Clarifies that the Department of Finance, the Controller, the Treasurer, and the Department of General Services are to collaboratively develop, implement, and maintain, the Financial Information System of California (FI$Cal) to be used upon full implementation by all state departments and agencies. Creates a FI$Cal Consolidated Payment Fund for the distribution of consolidated payments to payees that would have otherwise been appropriated through the State Treasury. This bill also includes a requirement that a background check be conducted on all individuals that are employees, prospective employees, subcontractors, volunteers, or vendors, prior to working within specific offices of the FI$Cal service center.

10. Extends the Controller's authority to procure, modify, and implement the 21st Century Project, a human resource management system, until June 30, 2015.

11. Current law requires that upon completion of a capital outlay project, or a design-build project, any remaining funds in the construction reserve fund must be used to offset rental payments. This bill contains a provision that would delete the offset requirement for both capital outlay and design-build projects.

12. Existing law authorizes the Victims Compensation and Government Claims Board to administer, upon appropriation by the Legislature, a grant program to Trauma Recovery Centers. This bill would make the Trauma Recovery Center grant program, administered by the Victims Compensation and Government Claims Board, permanent.

13. The Local Agency Investment Fund, operated by the State Treasurer, allows agencies to invest funds not needed for immediate purposes. As a result of low-interest rates, the earnings used to pay for administering the fund are inadequate to cover administrative costs. This bill would increase the maximum amount of earnings that may be used to cover these costs when certain conditions exist.

14. Limits specified costs for issuing commercial paper notes to three percent of the maximum principal amount of commercial paper notes that could be purchased, and are outstanding at any one time, pursuant to an agreement, or 0.25 percent of the highest sum of the maximum principle amount authorized by certain resolutions.

15. Provides for a phased application of salary increases to managers and supervisors of State Bargaining Unit 9 and State Bargaining Unit 10, effective July 1, 2014.

16. Establishes an account in the Public Employees' Reserve Fund for the deposit of contributions towards premiums.

17. Abolishes the California Housing Trust Fund, and transfers the remaining balance, assets, liabilities, and encumbrances to the Housing Rehabilitation Loan Fund. This bill also abolishes the School Facilities Fee Assistance Fund, and designates the General Fund as the successor fund for any loan repayments. Both of the abolished funds are administered by the Department of Housing and Community Development.

18. Identifies the Department of Housing and Community Development as an eligible recipient of up to $11 million in Proposition 1C funding, for the rehabilitation and deferred maintenance of state-owned migrant centers through the Office of Migrant Services.

19. Removes the direct appropriation to the California Military Museum, and, instead appropriates the funds to the Military Department for the purposes of operating the California State Military Museum and Resource Center.

20. Existing law provides that the express factual findings made by a court in considering a petition for habeas corpus is binding on the Attorney General, the factfinder, and the California Victim Compensation and Government Claims Board. This bill would clarify that the court, for purposes of those provisions governing binding factual allegations and express factual findings, is defined as either state or federal court.

21. Existing law establishes the Victim-Witness Assistance Fund, to be administered by the Office of Emergency Services. Funds within the account are to be made available to any public, or private, non-profit agency, for the assistance of victims and witnesses. This bill clarifies that these funds are to be used for any purpose that supports victims.

22. Deletes the requirement that Orange County maintain two auditors, a provision that was unique to Orange County.

Fiscal Effect: Appropriates $2,000,000 from the General Fund to the Governor's Office of Business and Economic Development on a one-time basis to be used to draw down federal funding in support of the Small Business Center Network Program. The funds shall remain for encumbrance and expenditure until June 30, 2017.

Support: Unknown.

Opposed: Unknown.

Comments:

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1460**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Samantha Lui**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Human Services

Summary: Provides for statutory changes necessary to enact the human services provisions of the Budget Act of 2014.

Background: As part of the 2014-15 budget package, Assembly Bill 1460 makes statutory changes to implement the budget act.

Proposed Law: AB 1460 makes the following statutory changes to implement the 2014-15 budget

CalWORKs. The bill includes several provisions pertaining to CalWORKs, including:

1. Five-percent Grant Increase. This bill increases aid payments by 5 percent, as of April 1, 2015.

2. Child Support Pass-Through for Safety-Net and Certain Child-Only Cases. Last year, the Department of Social Services (DSS) instructed counties to move Safety-Net and Drug/Fleeing Felon child-only cases out of the Temporary Assistance for Needy Families (TANF) program to help meet the TANF work participation requirement. In implementing this move-out, DSS and the Department of Child and Support Services (DCSS) discovered a conflict in federal and state law. Federal law prohibits DCSS from passing collected child support through to the state on behalf of non-TANF families, and requires payments be made directly to the family. In contrast, state law requires families to assign support rights and requires counties to refer families on CalWORKs to the Local Child Support Agencies. This bill resolves the federal and state law conflicts, and exempts Safety Net and Drug and Fleeing Felon child-only cases from assigning their child and spousal support rights to the state/county, cooperating with the DCSS, and requiring these cases be referred to the DCSS for child support enforcement/collection services. Also, the bill removes the requirement that DCSS collect the support on behalf of the state.

3. Family Stabilization. This bill authorizes funds allocated for family stabilization to be used to provide housing and other needed services to a family during any month that a family is participating in family stabilization. The bill states the intent of the Legislature that family stabilization is a voluntary component intended to provide needed services and constructive interventions for parents and to assist in barrier removal for families facing very difficult needs.

4. Housing and Homeless Support. This bill specifies that families receiving CalWORKs benefits when homelessness or housing instability is a barrier to self-sufficiency or child well-being, are eligible for specified housing supports, including financial assistance and

housing stabilization and relocation, in counties that opt to participate in providing these supports, and to the extent that funding for this purpose is provided in the annual Budget Act. The bill requires the State Department of Social Services (DSS), in consultation with the County Welfare Directors Association of California, to develop criteria by which counties may opt to participate in providing housing supports to eligible recipients.

5. Temporary Assistance Program. The bill delays the commencement date of the Temporary Assistance Program (TAP) from October 1, 2014, to October 1, 2016.

Community Care Licensing. The bill includes provisions pertaining to the Community Care Licensing Division within DSS. Specifically, the bill:

1. Establishes an Emergency Client/Resident Contingency Account. The accounts, which would be within the Technical Assistance Fund, would be used at the discretion of the Director of DSS for the care and relocation of clients and residents, when a facility's license is revoked or temporarily suspended. The money in the account must cover costs, such as transportation expenses, expenses incurred in notifying family members, and costs associated with providing continuous care and supervision.

2. Establish a Temporary Manager and Receivership Process. The bill authorizes DSS to appoint a temporary manager or receiver to act as the provisional licensee, if DSS determines that residents of a facility are likely to be in danger of serious injury or death, and the immediate relocation of clients is not feasible. The temporary manager or receiver assumes operation of a facility to bring it into compliance; to facilitate a transfer of ownership to a new licensee; or, to assure the transfer of residents, if the facility is required to close. Facilities that serve less than six residents, and are also the principal residence of the licensee, are exempt. The bill specifies: a) a process to appoint a temporary manger or receiver; b) a process by which a licensee may contest the appointment of the temporary manager; c) a temporary manger or receiver's authorized responsibilities; d) a receiver's salary and length of appointment; and, e) circumstances wherein a facility's owner can sell, lease, or close the facility.

3. Increase licensing fees. The bill proposes a ten percent increase in licensing and application fees. The bill also requires the department to analyze initial application fees and annual fees, at least every five years, to determine whether the appropriate fee amounts are being charged.

4. Home Care Services Consumer Protection Act. The bill makes changes to several provisions of the Act, including:
    a. Revises the licensure requirements of a home care organization to require certain disclosures and proof of an employee dishonesty bond.
    b. Revises license renewal requirements for home care organizations to include insurance and workers' compensation policies, and being current on all fees and civil penalties.
    c. Provides review procedures for applications for licensure received by the department.
    d. Requires the department to cease any further review of an application for a specified period of time, if it is determined that the home care organization applicant was previously issued a license pursuant to the act or other specified provisions of law, and that license was revoked.
    e. Applies similar requirements to a home care organization applicant that had previously applied for a certificate of approval with a foster family agency and was denied.

f. Authorizes the department to exclude a person from acting as, and requires the home care organization to remove that person from, his or her position as a member of the board of directors, an executive director, or an officer of a licensee, if the department determines that the person was previously issued a license pursuant to the act or other specified provisions of law and that license was revoked, as specified, or if the person was previously issued a certificate of approval by a foster family agency that was subsequently revoked.
g. Requires home care organization licensees to report any suspected or known dependent adult, elder, or child abuse to the department.
h. Requires the department, upon receipt of these reports, to cross-report the suspected or known abuse to local law enforcement and Adult Protective Services or Child Protected Services, as specified. The bill would authorize home care organization applicants and home care aide applicants who submit applications prior to January 1, 2016, to provide home care services without meeting the tuberculosis requirements described above, provided those requirements are met by July 1, 2016. The bill would authorize the department to adopt and re-adopt emergency regulations to implement and administer the provisions of the act.
i. Require all fines and penalties collected for violations to be deposited into the Home Care Technical Assistance Fund, as created by the bill. The bill would require that the moneys in the fund be made available to the department, upon appropriation by the Legislature, for specified purposes.

Child Welfare Services. The bill contains the following provisions pertaining to child welfare services, including:

1. Tribal Share of Cost. The bill adjusts the tribal share of costs for a tribe, consortium of tribes, or tribal organization for the care and custody of Indian children.

2. Minimum Age of Group Home Staff. The bill requires a group home staff or facility manager, on or after October 1, 2014, to be at least 21years old.

3. Services to Child Victims of Commercial Sexual Exploitation. This bill would establish the Commercially Sexually Exploited Children Program, as administered by DSS, to serve children who have been sexually exploited. Specifically, the bill:
    a. Requires the department, in consultation with the County Welfare Directors Association of California, to develop an allocation methodology to distribute funding for the program.
    b. Authorizes the use of these funds by counties electing to participate in the program for prevention and intervention activities and services to children who are victims, or at risk of becoming victims, of commercial sexual exploitation.
    c. Requires DSS to contract for training for county children's services workers to identify, intervene, and provide case management services to children who are victims of commercial sexual exploitation, and for the training of foster caregivers for the prevention and identification of potential victims.
    d. Requires the department, no later than April 1, 2017, to provide to the Legislature, information regarding the implementation of the program.
    e. Require each county, electing to receive funds, to develop an interagency protocol to be utilized in serving sexually exploited children who have been adjudged to be a dependent child of the juvenile court.
    f. Requires the county interagency protocol to be developed by a team led by a representative of the county human services department and to include

representatives from specified county agencies and the juvenile court. This bill would make these provisions operative on January 1, 2015.

g. Specifies that nothing precludes a county from providing a supplemental rate to serve commercially exploited foster children.
h. Provides that, to the extent federal financial participation is available, federal funds should be utilized.

4. Relative Caregivers. This bill establishes the Approved Relative Caregiver Funding Option Program. Under the Program:
   a. Counties who opt-in must, effective January 1, 2015, pay an approved relative caregiver a per child, per month rate, in return for the care and supervision of a federally ineligible Aid to Families with Dependent Children - Foster Care (AFDC-FC) child placed with the relative caregiver, equal to the base rate paid to foster care providers for an federally eligible AFDC-FC child, if the county has notified the department of its decision to participate in the program.
   b. A participating county must affirmatively indicate that it understands and agrees to specified conditions, including responsibility to pay any additional costs needed to make all payments to the relative caregivers, if state and federal funds are insufficient.
   c. A county must provide at least 120 days' prior written notice to the department, if it decides to opt-out of the program, and must provide at least 90 days' prior written notice to the approved relative caregiver or caregivers, informing them that his or her payment will be reduced and the starting date of the reeducation.

In addition, the bill would appropriate $30,000,000 General Fund for the 2015 calendar year and for each calendar year thereafter for these purposes. If this appropriation is insufficient to fully fund the base caseload of approved relative caregivers, the bill provides for the appropriation of additional funds necessary to fully fund that base caseload, and requires the calendar year appropriation amount beginning with the 2016 calendar year to be increased by the same amount of additional funds and along with the total calendar year appropriation, be adjusted by the California Necessities Index annually.

CalFresh. The bill makes significant changes to the CalFresh program. Specifically:

1. State Utility Assistance Subsidy. This bill repeals provisions pertaining to the existing utility assistance initiative to provide applicants and recipients of CalFresh a $0.10 LIHEAP benefit out of the federal LIHEAP block grant. Effective July 1, 2014, the bill creates the State Utility Assistance Subsidy (SUAS), a state-funded energy assistance program, and requires the Department of Community Services and Development to delegate authority over the program to the State Department of Social Services. DSS must design, implement, and maintain the SUAS program, to provide households that do not currently qualify for, or receive, a standard utility allowance with a SUAS benefit, as specified, if the household would become eligible for CalFresh benefits or would receive increased benefits if the standard utility allowance was provided. The bill would condition the implementation of these provisions on an appropriation of funds by the Legislature in the annual Budget Act or related legislation.

2. Modified Categorical Eligibility. The bill raises the federal poverty level to the federally allowable maximum amount of 200 percent, and also requires DSS to

establish, design, and implement a program of categorical eligibility for CalFresh recipients. The bill provides that the Director of DSS can only establish the program of categorical eligibility with appropriate federal authorization, and if implementation would not result in the loss of federal financial participation. Lastly, the bill repeals rulemaking provisions in law and moves those provisions to an uncodified section.

3. County Administration Match Waiver. This bill extends counties' eligibility to receive the full allocation for CalFresh administration without paying the county's share of the nonfederal costs above the 1996-1997 expenditure requirement to the budget year. The bill would also reduce the amount of the waiver throughout subsequent fiscal years and would eliminate the waiver by the 2018–19 fiscal year.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2014-15 budget. In addition, the bill would appropriate $30 million General Fund, effective January 1, 2015 for the Child Victims of Sexual Exploitation Program.

Support: NA

Opposed: NA

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to human services.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1461**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Peggy Collins**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Developmental Services Trailer Bill.

Summary: Provides for various statutory changes necessary to implement provisions in the Budget Act of 2014 related to services to persons with developmental disabilities.

Background: As part of the 2014-15 budget package, AB 1461 makes changes in statute necessary to implement the budget act.

Proposed Law: AB 1461 makes various changes to statute necessary to implement the Budget Act of 2014, including:

1. Implementation of recommendations made in the California Health and Human Services Agency's (CHHSA) *Plan for the Future of Developmental Centers in California* (plan), including:
    a. Establishment of Enhanced Behavioral Supports Homes. A pilot program to develop up to six enhanced behavioral support homes per year, to provide intensive behavioral services and supports to adults and children with developmental disabilities who need intensive services and supports and who are at risk of institutionalization or out-of-state placement, or are transitioning to the community from a developmental center, other state-operated residential facility, institution for mental disease, or out-of-state placement. The homes will be developed by regional centers using community placement plan (CPP) funds. Each home will serve no more than four residents and up to six homes may be developed with secured perimeters. The homes will be certified by the Department of Developmental Services (DDS) and licensed by the Department of Social Services (DSS), and each department will have authority to develop emergency regulations. The homes will be distributed regionally. The pilot will end January 1, 2020, unless extended or made permanent through further legislative action.

    b. Establishment of Community Crisis Homes. Authorizes DDS to develop two community crisis homes (one in the north and one in the south), each to serve, on a short-term basis, no more than eight adults who would otherwise be at risk of admission to the acute crisis center at Fairview Developmental Center or Sonoma Developmental Center, an acute general hospital, an acute psychiatric hospital, an institution for mental disease, as described in Part 5 (commencing with Section 5900) of Division 5 of the Welfare and Institutions Code, or an out-of-state_placement. The homes will be certified by DDS and licensed by DSS, and each department will have authority to develop emergency regulations.

c. Establishment of Acute Crisis Centers at State Developmental Centers. Authorizes DDS to create an acute crisis center at Sonoma Developmental Center (SDC) and Fairview Developmental Center (FDC). These centers will be distinct from other residential units and serve up to five individuals each. Placement into these acute crisis centers will be pursuant to a court order, as is currently the requirement for crisis placement into FDC.

d. Evaluation of New Models. Requires DDS to evaluate the effectiveness of three new models described above in order to access the impact on implementing the recommendations of the CHHSA plan. The evaluation reports shall be provided annually to the Legislature, commencing on January 10, 2015 for the FDC acute crisis center; January 10, 2016 for the SDC acute crisis center; and January 10 of the first year following the opening of the first enhanced behavioral supports home or community crisis home is opened.

e. Expansion of the Community State Staff Program. Expands the community state staff program associated with both the Agnews and Lanterman developmental centers' closures, to allow developmental center staff from any developmental center to work with residents moving from a developmental center to the community or individuals at risk of admission to a developmental center, an institution for mental disease, an out-of-state placement, a general acute care hospital, or an acute psychiatric hospital, and maintain state staff status through a contract with a community provider.

2. Requires a court be provided with a copy of the comprehensive assessment completed for each resident of a developmental center, and any updates to it, during all judicial reviews of a consumer's commitment to a developmental center. Additionally, requires that regional center client rights' advocates be provide specified information, including comprehensive assessments and notices of relevant meetings and court notifications and proceedings related to a person moving from a developmental center, or at risk of placement in a developmental center.

3. Restores infant and toddler eligibility for the Early Start program to the level in place prior to adoption of the Budget Act of 2009, effective January 1, 2015.

4. Deletes the prohibition on the payment, by regional centers, of insurance deductibles on behalf consumers and their families, for the services identified as necessary in an individual program plan, under defined circumstances.

5. Makes statutory changes necessary to adjust for the impact of the minimum wage increase and the Federal Labor Standards (FSLA) changes relating to the payment of overtime, on specified service providers, effective on January 1, 2015.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2014-15 Budget Act. Additionally, this bill re-appropriates $13 million ($12.9 million GF) from 2011-12, a portion of which is unspent Community Placement Plan (CPP) funds, to support the development of the new models described in (1) (a), (b), and (c) above.

Support: Not known.

Opposed: Not known.

Comments:

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1462**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Michelle Baass**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014 - Health

Summary: This is the Omnibus Health Trailer Bill for 2014-15. It contains necessary changes related to the Budget Act of 2014.

Background: This bill makes the following statutory changes to implement the 2014-15 budget:

1. Medi-Cal: Pregnancy. This bill provides full-scope Medi-Cal coverage to pregnant women with incomes at or below 138 percent of the federal poverty level (FPL) and creates an affordability and benefit program for pregnant women with incomes above 138 percent and up to 208 percent of the FPL who enroll in a Qualified Health Plan (QHP) through Covered California. This bill requires the Department of Health Care Services (DHCS) to cover the out-of-pocket expenditures of the women enrolled in a QHP through Covered California. These out-of-pocket expenditures include the premium amounts owed after premium tax credits have been applied, applicable cost-sharing, copayments, or any other covered costs that are required during their pregnancy and postpartum coverage. The woman shall receive all of her covered benefits via her QHP and may access additional medically necessary pregnancy-related Medi-Cal services outside of the QHP, under Medi-Cal fee-for-service (referred to as Pregnancy Benefit Wrap) to the extent they are not otherwise provided by the QHP. The affordability and benefit program shall be made available January 1, 2015, or when DHCS determines that the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) is operational to effectuate this policy. This bill also requires DHCS to consult with stakeholders on the processes and procedures to inform affected applicants and beneficiaries of their enrollment options under the Medi-Cal program and Covered California and the manner in which they may receive benefits and services. This bill also requires DHCS to monitor birth outcomes of women who are receiving full-scope and limited-scope Medi-Cal and women who are receiving services through the QHP with Medi-Cal as the benefit wrap.

2. Medi-Cal: Cal MediConnect (CMC) and Medicare Advantage and D-SNP Plans. This bill authorizes: (1) the Department of Health Care Services (DHCS) to offer Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) to Dual-Eligible Special Needs Plans (D-SNPs) for 2015 and the duration of Cal MediConnect, with certain limitations, (2) gives DHCS the authority to place an enrollment cap on Fully Integrated Dual-Eligible (FIDE) SNPs operating in Los Angeles, Riverside, and San Bernardino Counties, and (3) allows beneficiaries who are enrolled in an Alternative Health Care Service Plan (AHCSP), who age into Medicare while enrolled in the AHCSP, to elect to enroll in the AHCSP's D-SNP. The AHCSP would be required, upon mutual agreement between the CMC plan operated by a health authority or commission, to take full financial and programmatic responsibility for the Long-Term Supports and Services, and services of the D-SNP enrollee. Lastly, this bill would require DHCS to take into account certain

considerations when assigning Medi-Cal managed care beneficiaries to a Medi-Cal managed care health plan (MCP) subcontracting with an AHCSP.

3. Medi-Cal: County Eligibility Administration Cost-of-Living Adjustment (COLA). This bill suspends the COLA for county eligibility administration for 2014-15.

4. Medi-Cal: Denti-Cal Metrics and Monitoring. This bill requires DHCS to monitor dental fee-for-service utilization in the Denti-Cal program using identified program metrics and to post this information on the department's website at least on an annual basis.

5. Medi-Cal: CA-MMIS Contract Modifications. This bill exempts contract amendments, modifications, and change orders for the California Medicaid Management Information System (CA-MMIS) Fiscal Intermediary (FI) contract from Public Code requirements.

6. Medi-Cal: Provider Preventable Conditions. This bill makes statutory changes to comply with federal rules that require states to report provider preventable conditions (PPCs) and prohibit Medicaid (Medi-Cal) payment for costs of services related to PPCs. Specifically, this bill authorizes DHCS to exclude from Medi-Cal coverage certain increases in charges billed to the Medi-Cal program that are directly related to the treatment of PPCs, and to recoup any payments made for those excluded charges. Additionally, this bill requires providers to report PPCs to the department as specified by the department and prohibits the Medi-Cal enrollee from being billed for these procedures.

7. Medi-Cal: Fingerprinting and Background Checks. This bill provides DHCS with the authority to receive the results of criminal background checks of applicants and providers from the Department of Justice (DOJ) in order to screen or enroll the Medi-Cal provider applicants and providers. This bill also clarifies that applicants and providers are responsible for reimbursing DOJ for the costs to complete the expanded background checks and fingerprinting, and that In-Home Supportive Services providers will follow the current fingerprinting and background check process required in Welfare and Institutions Code Section 15660.

8. Eliminate Managed Risk Medical Insurance Board (MRMIB) – This bill eliminates MRMIB and transfers its programs, the Major Risk Medical Insurance Program (MRMIP), the Access for Infants and Mothers (AIM) program, and the County Children's Health Initiative Matching (CHIM) Fund Program, to the Department of Health Care Services (DHCS). This bill proposes no changes to these programs, other than their transfer to DHCS. This bill also (1) renames the AIM program to the Medi-Cal Access Program, (2) transitions the responsibility for the close-out activities related to the Healthy Families Program transition to Medi-Cal and the Pre-Existing Conditions Insurance Program transition to the federal government to DHCS, (3) deletes reference to adults from the CHIM Program provisions as the program was never expanded to cover parents, and (4) changes the allocation of Cigarette and Tobacco Products Surtax Fund (Proposition 99) to MRMIP to be contingent on what is included in the budget act.

9. Future of Major Risk Medical Insurance Program (MRMIP). This bill requires DHCS to convene a stakeholder workgroup by August 1, 2014 composed of stakeholders, including health care providers, county representatives, labor, consumer advocates, immigrant policy advocates, and employers of low-wage workers to develop a plan to utilize available Major Risk Medical Insurance Funds, including Managed Care Administrative Fines Penalties Funds, and the Cigarette and Tobacco Products Surtax Fund to continue to provide health coverage to individuals that are not eligible for other full-scope programs or subsidies.

10. Notification to Enrollees in State Health Programs. This bill requires DHCS by August 1, 2014 to work with stakeholders to develop a notification to be sent to enrollees in the state-only and non-comprehensive health programs to inform them that they may qualify for

comprehensive coverage through Covered California or Medi-Cal. This notification would be sent annually prior to the open enrollment period for Covered California.

11. Substance Use Disorder Residential and Outpatient License Fee Increase. This bill allows DHCS to increase licensure, application, and certification fees for non-medical residential and outpatient alcohol and other drug detoxification, treatment, or recovery services facilities upon approval of the Legislature through a provider bulletin.

12. California Institute for Mental Health (CiMH) and Substance Use Disorder Services. This bill expands CiMH's responsibilities to include the ability to provide technical assistance and training on substance use disorder services given its merger with the Alcohol and Drug Policy Institute on July 1, 2014.

13. Martin Luther King (MLK) Jr. Community Hospital. This bill ensures that the new MLK, Jr. Community Hospital receives at a minimum the financing committed to it in 2010 in a manner that continues to guarantee a cap on the state's contribution.

14. Cross Match of ADAP Data with Franchise Tax Board. This bill provides the State Franchise Tax Board (FTB) with authority to share state tax data with the Office of AIDS at the Department of Public Health (DPH) for verifying applicant/client income eligibility for the federally funded Ryan White HIV/AIDS Program AIDS Drug Assistance Program (ADAP).

15. California Reducing Disparities Project (CRDP). This bill provides DPH with a statutory exemption from the Public Contract Code for CRDP that would allow DPH to complete the Strategic Plan (Phase I) and commence Phase II of the CRDP, a $60 million (Mental Health Services Act Funds) endeavor to implement and evaluate community-defined mental health practices.

16. Federal Fund Authority. This bill clarifies DPH's authority to apply for federal grants within the purview of public health.

17. Office of AIDS-Health Insurance Premium Assistance Payment Program (OA-HIPP) Medical Cost Sharing Wrap. This bill provides the authority to develop the capacity to pay out-of-pocket medical expenses, in addition to premiums for eligible OA-HIPP clients, for clients who choose to purchase insurance through Covered California. This would encourage more ADAP clients to enroll in comprehensive coverage and would result in a reduction in ADAP costs of $9.9 million in 2014-15.

18. Licensing and Certification (L&C). This bill would require DPH, beginning October 2014 and on a quarterly basis, to report metrics on (1) investigations of complaints related to paraprofessionals certified by DPH, (2) long-term care health facility complaints, investigations, state relicensing, and federal recertification surveys, and (3) vacancy rates and hiring within L&C. This bill requires DPH by October 2016, to report the previously specified information for all facility types.

    This bill also requires DPH to report by October 2014 on the status of the $1.4 million appropriated in fiscal year 2014-15 from the Internal Departmental Quality Improvement Account for the "Licensing and Certification Program Evaluation," and the outcomes from this effort, the department's efforts to evaluate and reform the L&C timekeeping systems and estimate methodology, and an update on the Los Angeles County contract and Licensing and Certification's oversight of this contract.

    This bill requires DPH by December 1, 2014, to assess the possibilities of using professional position classifications other than Health Facility Evaluator Nurses to perform licensing and certification survey or complaint workload.

This bill requires DPH beginning August 2014, to hold semiannual meetings for all interested stakeholders to provide feedback on improving the L&C program to ensure that Californians receive the highest quality of medical care in health facilities. Once they are available, the department will present the quarterly workload and performance metrics at these meetings.

19. SNAP-Ed Stakeholder Workgroup. This bill requires the Department of Public Health to convene a quarterly meeting of stakeholders, between July 1, 2014 and October 31, 2015, to solicit input and receive feedback on nutrition education and obesity prevention programs and to help minimize any disruption of services in the Supplemental Nutrition and Education Assistance Program during the transition of work from contracted vendors to civil service.

20. Tuberculosis Control Mandate. This bill specifies that funds allocated as part of the Department of Public Health's tuberculosis control subvention grant to local jurisdictions shall be used to support certain tuberculosis control activities.

21. Federal Mental Health Parity. This bill provides the Department of Managed Health Care with the authority to enforce federal mental health parity rules and conforms to federal rules to impose these requirements on large group products.

22. Office of Patient Advocate (OPA). This bill revises the responsibilities of the OPA to (1) clarify that OPA is not the primary source of direct assistance to consumers, (2) clarify OPA's responsibilities to track, analyze, and produce reports with data collected from calls, on problems and complaints by, and questions from, consumers about health care coverage received by health consumer call centers and helplines operated by other departments, regulators or governmental entities, (3) require OPA to make recommendations for the standardization of reporting on complaints, grievances, questions, and requests for assistance, and (4) requires OPA to develop model protocols, in consultation with each call center, consumer advocates and other stakeholders that may be used by call centers for responding to and referring calls that are outside the jurisdiction of the call center or regulator.

23. Song-Program Residency Program. This bill expands the eligibility for Song-Brown residency program funding to teaching health centers and increases the number of primary care residents specializing in internal medicine, pediatrics, and obstetrics and gynecology.

24. Medical Privacy Breach Enforcement. This bill combines the authority of two existing programs (at the California Health and Human Services Agency and DPH) charged with enforcing medical privacy violations. To do this, the authority of the California Health and Human Services Agency's California Office of Health Information Integrity (CalOHII) over medical privacy breaches by individuals is combined with DPH's authority over medical privacy breaches at health facilities.

25. Health Benefit Exchange Emergency Regulation Authority. This bill would allow emergency regulations adopted by the Health Benefit Exchange to be readopted for one more year (no further readoptions would be allowed after January 1, 2017).

Fiscal Effect: The funding related to the changes in this bill is contained in the 2014-15 budget. This bill reappropriates Mental Health Services Oversight and Accountability Commission funds for a contract to support the Commission's evaluation efforts.

Support: NA

Opposed: NA

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to health.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1463**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Jody Martin, Jennifer Troia, Samantha Lui**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Omnibus K-12 Education Trailer Bill

Summary: Provides for statutory changes necessary to enact education-related provisions of the Budget Act of 2014.

Background and Proposed Changes: As part of the 2014-15 budget, AB 1463 makes statutory changes necessary to implement the Budget Act. Specifically, this bill would:

1) **Repay Deferrals:** Repays $4.7 billion of the state's outstanding deferral obligations owed to local educational agencies in 2014-15. The repayment of prior deferrals will reduce the borrowing costs that many of these entities have borne in order to manage these deferrals over several years. In addition, pays-off remaining $992 million in deferrals for local educational agencies and community colleges, contingent upon a determination of the Proposition 98 minimum guarantee made by the Director of Finance on May 13, 2015. If the latter amount of deferrals is also paid-off, these combined repayments would eliminate all prior deferrals;

2) **Repay Mandates**: Specifies the use of $450 million to pay down the K-14 education mandates backlog, with the intent that K-12 monies freed up from this payment could be dedicated to implementation of the Common Core State Standards;

3) **Suspend the Proposition 98 Statutory Split:** Suspends the statutorily-specified split of the Proposition 98 minimum guarantee between K-12, community college, and other state agencies. This section of statute has been suspended each year since 1992-93;

4) **Reschedule Settle-Up Payment:** Reschedules the appropriation of an outstanding 2006-07 "settle-up" balance ($212 million in non-Proposition 98 General Fund) from 2014-15 to 2015-16. As a result, those funds are freed up for other uses;

5) **Appropriate Funds Related to the Quality Education Investment Act (QEIA):** Provides the final payment of $409.6 million non-Proposition 98 General Fund to fulfill the settlement of the *California Teachers' Association v. Schwarzenegger* lawsuit that established the QEIA. The funds would be appropriated to the QEIA program ($267 million), the Community Colleges QEIA Career Technical Education program ($48 million), and the Emergency Repair Program ($94.6 million);

6) **Update Mandates Block Grant:** Revises the list of programs included in the mandates block grant, rather than reimbursed on a program-specific basis;

7) **Adjust Reimbursement Rates:** Increases the standard reimbursement rate (SRR) for child care and development programs by five percent, to $9,024.75 per unit of average daily enrollment for a 250-day year, increased by the cost-of-living adjustment granted by the

Legislature annually. Sets the regional market rate (RMR) to the 85th percentile of the 2009 survey, reduced by 13 percent;

8) **Establish Process to Award Preschool Expansion Funds:** Commencing June 15, 2015, require the Superintendent to consider different criteria and data in awarding expansion funds, and require the Superintendent to prioritize applicant agencies that would maximize progress toward achieving access to full-day, full-year services for all income eligible four-year-olds with working parents. Authorize a family child care home education network to be eligible for expansion funding;

9) **Establish an Early Learning Quality Rating and Improvement System (QRIS) Block Grant:** Requires the superintendent to administer an early learning QRIS block grant allocated to local consortia to support local early learning quality rating and improvement systems that increase the number of low-income children in high-quality preschool programs. Sets forth processes local consortia must fulfill to be eligible. Require the Superintendent, in consultation with the executive director of the State Board of Education, to allocate QRIS block grant funds based on the number of California State Preschool Program (CSPP) slots within the county or region;

10) **Authorize a CSPP Contracting Agency to Retain a Higher Reserve Fund Balance:** Authorizes a CSPP contracting agency to retain a reserve fund balance equal to fifteen percent of the sum of the maximum reimbursable amount of all preschool contracts, for purposes of professional development for CSPP instructional staff;

11) **Repeal Family Fee for Part-day CSPP:** Repeals the fee for CSPP, which is levied under current law.

12) **Provide Augmentation to Child Care Facilities Revolving Fund for LEAs offering State Preschool Program:** Allows local educational agencies to apply for new funds to purchase, renovate, or repair preschool facilities;

13) **Require Minimum Qualifications of Specified Transitional Kindergarten (TK) Teachers:** Requires that teachers assigned to a TK class after July 1, 2015, be credentialed, and by August 1, 2020, have a minimum of 24 units of early childhood education or childhood development, or a child development permit issued by the Commission on Teacher Credentialing. Establishes the intent that TK curriculum be aligned to the California Preschool Learning Foundations developed by the department;

14) **Set the State Median Income (SMI) for Child Care Eligibility Purposes:** Sets the SMI to 70 percent of the state median income in use for the 2007-08 fiscal year, for purposes of income-eligibility to qualify for child care programs;

15) **Clarify Requirements Related to the State Child Care and Development Fund plan:** Specifies April 1 of the year that the plan is due to the federal government as the deadline for the Department of Education to provide the plan to the Legislature and the Department of Finance. In addition, requires the department to provide the final plan that is approved by the federal government and a description of any changes made since the draft plan;

16) **Require Commission on Teacher Credentialing (CTC) Review of Permits:** Requires, by July 1, 2016, the CTC to review, and update, if applicable, conditions for issuance or renewal of permits, which authorize: a) service in the care, development, and instruction of children in child care and development programs, and b) supervision of a child care and development program;

17) **Repeal County School Service Fund:** Repeals existing law which establishes the county school service fund contingency account in the General Fund, in order to provide greater flexibility consistent with the enactment of the Local Control Funding Formula (LCFF);

18) **Extend Encumbrance Period for the California Collaborative on Educational Excellence:** Extends the encumbrance period for $10 million allocated in the 2013 Budget Act for the Collaborative to the 2014-15 fiscal year;

19) **Make Changes Impacting the CTC:** Authorizes the State Controller to make temporary intra-year cash transfers from the Test Development and Administration Account to the Teacher Credentials Fund to provide cash flow relief to the Teacher Credentials Fund during low-revenue months. Also, authorizes the CTC to set and charge fees to recover the costs of providing reviews of new and existing educator preparation programs and require the CTC to notify the Legislature and Department of Finance before implementing or changing the fees;

20) **Provide a Child Nutrition Cost-of-Living Adjustment (COLA):** Provides for a COLA to update reimbursement rates for meals served through the state child nutrition programs;

21) **Make Technical Changes Related to Special Education Funding:** Specifies the amounts of funding allocated in the budget acts of 2012 and 2013 that would count toward the 2010-11 fiscal year MOE requirement for the special education program. Also, adjusts special education General Fund apportionments in 2014-15, based on an updated determination of revenues related to the dissolution of redevelopment agencies;

22) **Rename the State Student Assessment System:** Changes the name of the state's new pupil assessment system from the Measurement of Academic Performance and Progress (MAPP) to the California Assessment of Student Performance and Progress (CAASPP);

23) **Clarify Responsibility for Administration of the Standards-Based Test in Spanish:** Clarifies that the administration of the Standards-Based Test in Spanish to English-language learners is funded by the state, and the administration of the test to non-English learners in dual immersion classrooms is at the discretion and expense of local educational agencies;

24) **Make Changes Related to Retirees Participating in State Teachers' Retirement Plan (STRS):** Extends, until June 30, 2017, an exemption that allows retired members of the STRS Defined Benefit Program to earn specified postretirement compensation in any one school year, without a reduction in retirement allowance;

25) **Make Changes Impacting Charter Schools:** Authorizes, for the 2014-15 fiscal year only, charter schools whose charters were granted by their chartering authority before July 1, 2014 to claim average daily attendance for purposes of apportionments from the adult education fund for schools or classes maintained for adults in correctional facilities, under specified circumstances. Also, exempts, for the 2014-15 fiscal year only, charter schools whose charters were granted by their chartering authority before July 1, 2014 and that provide instruction exclusively in partnership with specified career preparation programs from requirements that a pupil over 19 years of age be continuously enrolled in public school and making satisfactory progress toward a diploma in order to generate charter school apportionments;

26) **Establish in Statute the Career Pathways Trust Program:** Establishes a statutory framework for the Career Pathways Trust competitive grant program for K-14, including

requirements of grant recipients and of the Superintendent of Public Instruction for administration of the program;

27) **Revise Requirements for Local Reserve Funds:** Beginning in 2015-16, requires the governing board of a school district, when adopting a budget that includes a reserve above the local minimum recommended reserve adopted by the State Board of Education, to provides the following information for public review: the minimum recommended reserve adopted by the State Board; the district's fund balance in excess of the recommended reserve; and a statement substantiating the need for the excess reserve level. In the event that Assembly Constitutional Amendment (ACA) 1 is passed by voters, the following changes would apply: (i) in the immediate fiscal year following a fiscal year that a transfer is made to the Proposition 98 reserve, local districts would be prohibited from having reserves in excess of two to three times the minimum recommended reserve amount; (ii) districts with less than 400,000 units of ADA would be capped at two times, while districts with more than 400,000 would be capped at three times this amount; (iii) A county superintendent of schools could grant a school district an exemption from this requirement for up to two years within a three year period if the district provides documentation indicating the need for a reserve above these levels;

28) **Make Changes Related to School Facilities:** Specifies that when moneys transferred to the General Fund each year from the Public School Building Loan Fund and State School Building Aid Fund exceed the amount required to reimburse the General Fund for specified purposes, the excess amount would be appropriated from the General Fund for purposes of the School Facilities Emergency Repair Account (rather than the appropriation under existing law to the Leroy Greene State School Building Lease-Purchase Law of 1976 and the State School Deferred Maintenance Fund). Further, eliminates the State School Deferred Maintenance Fund;

29) **Makes Changes Regarding Independent Study Program**: Streamlines some of the requirements of the current Independent Study program, such as, not requiring a teacher signature on every assignment, permitting year-long Independent Study agreements, and allowing for electronic parent signatures. Also, Creates a new course-based Independent Study option with requisite standards for instructional minutes, course rigor, and quality;

30) **Reappropriate Specified Funds:** Reappropriates and makes available for encumbrance until June 30, 2018, $381 million that was originally appropriated to the Department of Education for allocation to local educational agencies, for specified purposes, in the Budget Act of 2013;

31) **Include Other Provisions:** Makes additional technical changes, including but not limited to changes to remove references to repealed code sections related to mental health services; provides that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to existing law; and, declares that it is to take effect immediately as a bill providing for appropriations related to the budget bill.

Fiscal Effect: Funds appropriated in this bill would be applied toward the minimum funding requirements for school and community college districts imposed by Section 8 of Article XVI of the California Constitution (Proposition 98).

Support: Unknown

Opposed: Unknown

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1464**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Jody Martin, Jennifer Troia**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Local Control Funding Formula (LCFF)

Summary: Provides the statutory changes necessary to enact education-related provisions of the Budget Act of 2014.

Background: As part of the 2014-15 budget, AB 1464 makes the statutory changes necessary to implement the Budget Act. Specifically, this bill would:

1) **Appropriate Funds for LCFF**: Appropriates $4.8 billion from the General Fund for allocation through LCFF to local educational agencies (LEAs) ($4.7 billion for school districts and charter schools and $25.9 million for county offices of education (COEs);

2) **Revise the Calculation of Unduplicated Pupils:** Authorize schools participating in Provisions 2 or 3 of the National School Lunch Program (which allow for free meals to be provided to all enrolled pupils at schools with very high poverty rates) to establish base-year student eligibility for free or reduced-price meals no less than once every four years, provided that they annually update their counts of eligible students, as specified. Require the Superintendent of Public Instruction (SPI) to revise an LEA's three-year rolling average number of unduplicated students by using 2014-15 student data in place of 2013-14, if doing so would increase the LEA's rolling average. Expresses legislative intent to review, for each school district and COE, the enrollment of unduplicated pupils for the 2013-14 and 2014-15 fiscal years, and provides one time funding, if necessary for those with higher enrollment of unduplicated pupils in 2014-15 compared to 2013-14. Further, refines the definition of foster youth for purposes of calculating unduplicated pupils;

3) **Revise Provisions Related to Economic Recovery Targets (ERTs):** Specifies that 2013-14 average daily attendance calculations are final as of the second principal apportionment (P-2) for purposes of establishing ERTs. Additionally, clarifies that the full ERT amount shall be added on to the LCFF when the LCFF is fully implemented, and that ERTs shall (rather than may) be subject to property tax offsets;

4) **Clarify the Definition of Homeless Students:** Clarifies the district of residence for homeless students and associated LCFF funding provided to COEs. Specifically, the determination would be based on the largest (in terms of average daily attendance) applicable non-basic aid district serving the student's grade level;

5) **Make Other Changes to LCFF Calculations:**

    a. Requires the base entitlement for the transition to the LCFF to be adjusted to reflect the exclusion of one-time redevelopment agency liquid asset recovery revenue, as specified;

b. Sets the point-in-time (P-2/Annual) for specified calculations, including revenue limits, charter grants, necessary small schools, and charter school physical locations;

c. Repeals the unique revenue limit funding adjustment related to an inter-district attendance agreement between the Fallbrook Union High School District and the Capistrano Unified School District, and requires the amount of state apportionments provided to these districts for the 2012-13 fiscal year to be included in specified computations related to the LCFF, consistent with LCFF existing provisions that ensure no district receives less funding than it did in 2012-13. These districts will continue to have a unique inter-district transfer for the purpose of receiving federal impact aid funds;

6) **Make Changes Impacting Charter Schools:**

a. Requires charter schools to annually report their physical location to the State Department of Education no later than November 30 of each fiscal year, and specifies when the physical location is considered final for specified purposes;

b. Adds juvenile court students to the list of students for which a county program charter can receive a county rate and clarifies LCFF apportionments for county students attending a county program charter;

c. Clarifies that all-charter districts can continue to receive declining enrollment adjustments under the LCFF; repeal prior language that allowed all-charter districts to receive declining enrollment adjustments under the former Charter School Block Grant; and clarifies that for purposes of LCFF, all-charter districts are treated as school districts;

d. Specifies that excess in-lieu payments made to charter schools would be used to offset state aid;

e. Clarifies the "gap" funding calculation for countywide charter schools with students from basic aid districts by utilizing prior year basic aid status to compute in-lieu payments during the transition to full LCFF implementation;

f. Authorizes county charter programs to seek in-lieu payments from the district of residence for students not funded under the county rate (with the aim of treating county program charters in the same manner as county offices of education); and

g. Clarifies that the oversight fee paid by a charter school to the entity that provides oversight will be calculated on the charter school's annual LCFF allocation;

7) **Clarify Supplemental Revenue Augmentation Fund (SRAF) Transfer**: Authorize the Director of Finance to determine the amount of restricted excess local property tax revenue available for transfer to SRAF. Clarifies that COEs should report to the State Controller's Office (SCO), rather than the county auditor-controller, SRAF funds that offset General Fund costs of the trial courts, since SCO implements that offset;

8) **Conform Instructional Day/Time Penalties:** Makes COE and four-day school week instructional day and minute-related requirements and penalties the same as those applicable to school districts under the LCFF. COEs and four-day school week programs would continue to be authorized, through 2014-15, to reduce the minimum required school year by

up to five days of instruction, or the equivalent number of instructional minutes without incurring penalties;

9) **Clarify Basic Aid Program Adjustments:** Clarifies that basic aid choice, open enrollment, supplemental, and court-ordered voluntary pupil adjustments are based on LCFF target base grants, not the necessary small school funding rates, if the student's district of residence is funded as a necessary small school;

10) **Revise Local Control Accountability Plan (LCAP) Review Provisions:** Specifies that the SPI shall perform the duties of a county superintendent of schools with respect to approval of an LCAP if the county superintendent of schools has jurisdiction over only a single school district. This change would be consistent with the SPI's role in reviewing and approving the budgets for such districts;

11) **Make Changes Related to Out-of-State Tuition:** Clarifies that county superintendents and school districts may continue authorizing students to attend schools in adjoining states and out-of-state tuition average-daily-attendance is credited to the school district of residence;

12) **Reimburse LEAs for 2013-14 Out-of-State Tuition Costs:** Reimburses LEAs for out-of-state tuition and transportation costs incurred in the 2013-14 fiscal year. This change is intended to provide a one-time hold harmless payment of those costs for districts that entered into out-of-state tuition contracts before last year's enactment of LCFF-related statutes, which otherwise would require the county superintendent to pay for these expenses;

13) **Require LCFF Implementation Report**: Requires the State Board of Education, working in collaboration with the Department of Education, to report to the Legislature, no later than February 1, 2015, regarding the status of LCFF implementation;

14) **Modify LCAP Template Adoption Process:** Allows the State Board of Education, until January 31, 2018, to adopt the LCAP template pursuant to the Bagley-Keene Open Meetings Act process, with specified restrictions, rather than the Administrative Procedures Act;

15) **Repeal COE Funding Restrictions**: Repeals restrictions on COEs funding for special day classes. Authorizes COEs to spend funds previously deposited as capital outlay reserves for any purposes specified in its LCAP;

16) **Make changes related to Necessary Small Schools (NSS):** Clarifies that the SPI, not a county superintendent of schools, calculates NSS funding for qualifying districts. Expand the definition of a necessary small high school for certain high schools for three years;

17) **Revise Maximum Class Size Penalties Methodology**: Revises the methodology for assessing penalties for exceeding maximum class size limits based upon the new grade-level funding rates under LCFF;

18) **Require Funding Pass-Through in Certain Districts to Support the Continuation of Beginning Teacher Induction Services**: For the 2013-14 and 2014-15 fiscal years, require the Alameda County Superintendent of Schools to withhold a specified amount from the local control funding formula apportionments of the Newark Unified School District, and from those withheld funds, to allocate funding to four other districts that previously received such amounts as funds passed through by the Newark Unified School District (serving as a fiscal agent) for purposes of beginning teacher induction and training services;

19) **Include Other Provisions:** Makes other technical changes; provides that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to existing law; and declare that it is to take effect immediately as a bill providing for appropriations related to the budget bill.

Fiscal Effect: Funds appropriated in this bill would be applied toward the minimum funding requirements for school and community college districts imposed by Section 8 of Article XVI of the California Constitution (Proposition 98).

Support: Unknown

Opposed: Unknown

Comments: As part of the 2013 Budget Act, the LCFF replaced the state's prior system of distributing funds to LEAs through revenue limit apportionments (per student average daily attendance) and approximately 50 state categorical education programs. These historic changes were intended to increase local control of K-12 education, to ensure that student needs drive the allocation of resources, and to increase transparency in school funding. The LCFF also included new requirements for local planning and accountability and a new system of support and intervention for underperforming school districts that do not meet their goals for improving student outcomes. The changes contained in this trailer bill are intended to refine related statutes and to further these purposes of the LCFF.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1465**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Joe Stephenshaw**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Higher Education Trailer Bill

Summary: Provides for statutory changes necessary to enact postsecondary education-related provisions of the Budget Act of 2014.

Background: This bill makes the following statutory changes to implement the 2014-15 budget.

Cal Grant Cohort Default Rate. Modifies an exemption to the Cal Grant cohort default rate that allows institutions with a three year cohort default rate of less than 10 percent and a graduation rate above 20 percent to remain eligible for the Cal Grant program through the 2016-17 fiscal year, by changing the cohort default rate to less than 15.5 percent.

Expand Cal Grant Renewal Eligibility. Allows students who become ineligible for Cal Grant awards because they exceed the income cap in one year to become eligible again in a subsequent year if their income falls below the cap and they meet all other program eligibility requirements. The change would apply only to students who reapply no more than three academic years after receiving an initial award.

Cal Grant Maximum Award. Delays, by one year, a reduction in the maximum amount of the Cal Grant A and B awards for students attending private, non-profit colleges or accredited for-profit colleges. Students will receive $9,084 for tuition expenses in 2014-15.

Middle Class Scholarship. Makes clarifying and technical changes to statute pertaining to the middle class scholarship. In addition sets the minimum award for an eligible full-time enrollment student at $90.

California Community College (CCC) Student Equity Plans. Codifies current regulatory requirements that each community college district maintain a student equity plan that includes the following for each community college in the district:

- Campus-based research as to the extent of student equity by gender and for students that are current or former foster youth, disabled, low-income, veterans, or in specific ethnic and racial categories.
- Goals for access to, and completion of, basic skills, career technical education and workforce training, and transfer courses for the overall student population and for each population group and a determination of what activities are most likely to effectively meet those goals.
- Measures for addressing disparities, as specified, including: a means of coordinating with, at a minimum, specific student equity-related categorical programs or campus-based programs.
- Sources of funds for activities in the plan.
- A schedule and process for evaluation.

- An executive summary that includes, at a minimum, the student groups for whom goals have been set, the goals, the initiatives that the community college or district will undertake to achieve these goals, the resources that have been budgeted for that purpose, and specific contact information. Beginning in 2016-17, the summary shall also include a detailed accounting of how funding was expended and an assessment of the progress made in achieving the identified goals.

Requires the CCC Chancellor to allocate funds provided for the purposes of successfully implementing the activities and goals specified in the student equity plans consistent with: ensuring that a community college district has submitted a student equity plan, ensuring that community college districts that serve greater populations of students who are high-need students or disadvantaged students receive greater resources for services, establishing criteria to determine the number of high-need and disadvantaged students in a district, and establishing a list of eligible and ineligible expenditures and activities.

CCC Construction Mandate. Makes permissive, a requirement that community colleges submit specified facilities information to the CCC Chancellor's office, thereby eliminating a reimbursable state mandate (this information will continue to be collected through the state's capital outlay process).

CCC Deferrals. Pays down inter-year deferrals of funding for community colleges by appropriating a total of $592.5 million of funds from fiscal years 2012-13, 2013-14, and 2014-15. In addition, for the month of June, defers $94.5 million to July.

Enhanced Non-Credit Rate Increase. Specifies that, beginning in the 2015-16 fiscal year, career development and college preparation full-time equivalent students (FTES) shall be funded at the same rate as the credit rate, as specified. The Legislative Analyst's Office is required to report by March 1, 2016, regarding the impact of this change.

CCC Growth Formula. Requires that the CCC Chancellor develop, and the board of governors adopt, a revised apportionment growth formula for use commencing with the 2015-16 fiscal year. Specifies that the formula shall support the primary missions of the segment, and be based on each community's need for access to the community colleges, as determined by local demographics. In developing the formula, the chancellor must consider multiple factors, including: 1) the number of persons under the age of 25 without a college degree, within a community college district's boundaries, and the number of persons 25 to 64 years of age, without a college degree (the chancellor may alter these age ranges dependent on availability of data); and, 2) the number of persons who are unemployed, have limited English skills, are in poverty, or exhibit other signs of being disadvantaged.

In addition, specifies that the maximum amount of growth established by the chancellor shall be no less than five percent, nor greater than 10 percent of a community college district's apportionment base for the preceding fiscal year.

San Francisco Community College District Stability. Provides the San Francisco Community College District with additional funding, for the next three fiscal years, as the college works to restore student enrollment and maintain accreditation. For the 2014-15 fiscal year, the district would receive funding equal to the amount it received in the 2013-14 fiscal year, with the amount of funding for the district being reduced by five, and 10 percent, in 2015-16 and 2016-17, respectively. In order to receive the third year of funding, the district would be required to meet or exceed benchmarks related to fiscal management and controls, as specified.

Community College Local Property Tax Revenues. Adjusts the method for scoring local property tax revenues in the 2013-14, 2014-15, and 2015-16 fiscal years, that formerly flowed to redevelopment agencies and now flow to the colleges as an offset to CCC apportionments, by scoring revenues received late in the fiscal year, after April 15, as having been received in the next fiscal year. This will provide the colleges with more certainty as they develop and administer their budgets.

CCC Performance Measures. Requires the CCC Chancellor, in coordination with community college stakeholder groups, the appropriate fiscal and policy committees of the Legislature, and the Department of Finance, to develop a framework of indicators designed to measure the ongoing condition of a community college's operational environment in the following areas: 1) accreditation statues; 2) fiscal viability; 3) student performance and outcomes; and 4) programmatic compliance with state and federal guidelines. Requires that each community college develop, adopt, and publicly post a goals framework that addresses, at the least, the areas specified above.

Before the commencement of the 2015-16 fiscal year, and annually thereafter, requires the chancellor to publicly post the statewide goals and locally-developed and adopted community college or district goals and targets. The chancellor shall assess the degree to which each community college district is improving its outcomes and offer technical assistance to community college districts that are not improving.

CCC Clinical Nursing Faculty. Extents the sunset, from June 30, 2014 to December 31, 2015, on the additional time a person serving as temporary full-time clinical nursing faculty, or as a part-time clinical nursing faculty, may be employed by a community college district. Under this extension, a person serving as a full-time clinical nursing faculty, or as a part-time clinical nursing faculty, may be employed by a community college district for up to four semesters or six quarters within any period of three consecutive academic years, which is twice the statutory limit for all other temporary faculty.

University of California (UC) and California State University (CSU) Performance Measures. Makes technical and clarifying chances to statutory requirements for annual reporting on system-wide performance measures by the UC and CSU.

Student Success Fee Moratorium. Prohibits a CSU campus, or the chancellor, from approving a student success fee before January 1, 2016, and requires the chancellor to conduct a review of the CSU student fee policy, as specified. Requires the chancellor to report to the Department of Finance (DOF) and the appropriate fiscal and policy committees of the Legislature, on February 1, 2015, regarding proposed revisions to the CSU student fee policy related to student success fees.

CSU Capital Outlay Process. Provides the CSU with the authority to pledge up to 12 percent of the state funds provided in its General Fund support budget, less general obligation debt payments and lease payments, towards capital outlay, lease-revenue bond debt financed and pay as you go, inclusive. Further, provides the CSU with the authority to pursue capital outlay projects, after approval by DOF and review by the committees in each house of the Legislature that consider the state budget, and the budget subcommittees in each house of the Legislature that consider appropriations for the California State University.

UC Capital Outlay Process. Makes technical and clarifying changes to the UC capital outlay process; moves language regarding energy conservation projects that had been included in provisional budget language into statute; and creates one process to authorize UC energy conservation projects instead of two.

California Blueprint for Research to Advance Innovations in Neuroscience (Cal-BRAIN) Act of 2014. Requests the UC Regents to establish the Cal-BRAIN program to leverage California's vast research assets and federal funding opportunities to accelerate the development of brain mapping techniques, including the development of new technologies, in order to achieve the following goals: 1) maintain California's leadership role in neuroscience innovation; 2) develop a dynamic map of the human brain, as specified; 3) grow California's economy through the expansion of high technology and biotechnology sectors; and, 4) train the next generation of scientists.

UC Berkeley Tolman Hall Seismic Project. Provides the UC with authority to use its General Fund appropriations for the Tolman Hall Seismic Replacement Building project at the Berkeley campus.

Student financial aid offset. Authorizes the use of $6 million in excess Student Loan Authority funds (remaining after the recently-approved sale of the CalLoan program portfolio by the California Educational Facilities Authority) as an offset to the General Fund cost of Student Aid Commission loan assumption program costs.

State Law Library Fee Sunset Extension. Extends the sunset date, to January 1, 2020, for authority to use a portion ($65) of certain appellate court civil filing fee revenue to support the California State Law Library.

CSU infrastructure and contract authority. Authorizes the State Fire Marshal to delegate enforcement of building standards on California State University campuses to the CSU. Authorizes the CSU to use one contract for multiple projects at multiple campuses, and to provide public notice of contract bids on its internet website.

CCC Education Protection Account (EPA). Authorizes adjustments to Proposition 98 General Fund spending in whatever amounts are necessary to maintain budgeted funding levels for community colleges, if EPA revenue estimates for 2012-13, 2013-14, or 2014-15 are higher or lower than actual receipts.

CCC CalWORKs Program. Moves requirements for the CCC CalWORKs program, which have been included in annual budget acts, into statue.

Clean Energy Job Creation Fund Reappropriation. Reappropriates the balance of Item 6870-139-8080 of Section 2.00 of the Budget Act of 2013, payable from the Clean Energy Job Creation Fund and extends the ability to encumber this balance until June 30, 2018.

Fiscal Effect: Statutory changes contained in this bill, including appropriations, are consistent with the 2014 budget package.

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to higher education.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1466**
Author:	**Committee on Budget**
As Amended:	**As proposed to be amended June 15, 2014**
Consultant:	**Catherine Freeman**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Resources Omnibus Trailer Bill

Summary: This bill makes various changes to implement the resources, environmental protection, energy, and agriculture budget actions adopted as part of the 2014-15 budget package.

Background: As part of the 2014-15 budget package, AB 1466 makes various statutory changes to implement the budget act.

Proposed Law: This bill includes the following key changes.

1. *Amendment for New Solar Homes Partnership.* Includes a technical amendment taken by committee on June 15, 2014 related to the financial components of the California Solar Initiative, including the New Solar Homes Partnership, and the Electric Program Investment Charge. The amendment would require the Public Utilities Commission to be notified by the Energy Commission that other funding sources for the program have been exhausted before requiring those electrical corporations to continue administration of the program until the monetary limit is reached.
2. *Climate Resilience Account.* Establishes the Climate Resilience Account to provide additional funding to specifically address the risk and impacts of climate change, sea level rise, and associated extreme events.
3. *Climate Assessment.* Allows the Environmental License Plate Fund to be used for climate assessment.
4. *Drinking Water Reorganization*. Provides the necessary statutory authority to transfer the drinking water program from the Department of Public Health to the State Water Resources Control Board including merging of loan programs.
5. *Seismic Mapping.* Allows the Strong-Motion Instrumentation and Seismic Hazards Mapping Fund to fund the Alquist-Priolo seismic mapping program and increases the amount assessed on building permit fees that provide revenues to the fund.
6. *Oil Spill Response.* Authorizes the Oil Spill Prevention and Administration Fund to be used for inland oil response, eliminates the fee sunset, and expands the fee base to include all crude oil entering the state.
7. *Hydraulic Fracturing*. Provides necessary statutory cleanup related to hydraulic fracturing regulations at the State Water Resources Control Board including specifying that regulations finalized on or before January 1, 2015, become effective July 1, 2015, and makes technical changes to the authority of the board related to area-specific ground water monitoring programs.
8. *Enforcement of Marijuana Cultivation.* Allows the Waste Discharge Permit Fund and Department of Fish and Wildlife civil penalty revenues to be used to pay back a loan from the Timber Regulation and Forest Restoration Fund, which is to be used for the

enforcement of environmental damage from marijuana activities over the next three years.

9. *Recycling Audits.* Allows for audits of beverage manufacturers and distributors to be reviewed every five years, rather than three years, allowed under current statute.
10. *Rubberized Tire Chip Seals.* Clarifies that rubberized chip seal projects are eligible for project funding, in addition to currently allowed asphalt concrete, within the tire recycling programs.
11. *Parks Revenue Generation and Capital Projects.* Extends the revenue generation program at the Department of Parks and Recreation for five years and re-establishes the Parks Project Revolving Fund to allow capital outlay funds longer encumbrance periods upon transfer to the fund. Clarifies that the State Park Contingent Fund, used for private donations to parks, is continued.
12. *Fisheries Restoration Grants.* Specifies that existing restoration grants be prioritized to the Fisheries Restoration Grant Program at the Department of Fish and Wildlife and to grant programs administered by state conservancies.
13. *Coastal Permitting.* Authorizes the California Coastal Commission to impose an administrative civil penalty, by majority vote and at a duly noticed public hearing, on a person who intentionally and knowingly violates the public access provisions of the California Coastal Act.
14. *Lumber Assessment.* Codifies the Board of Equalization retailer reimbursement regulations that were approved on September 10, 2013.
15. *Local Conservation Corps.* Diversifies the Local Conservation Corps funding under the Department of Resources Recycling and Recovery, and creates a separate statutory section to continue the program.
16. *Environmental Justice Grants.* Increases the cap on environmental justice grants distributed by the Secretary for Environmental Protection from $20,000 to $50,000 and authorizes the award of up to $1.5 million for this purpose.
17. *Self-Generated Incentive Program.* Extends the sunset date for the program by five years and makes various technical changes and program reforms to specify eligibility for incentives under the program limited to distributed energy resource technologies.

Fiscal Effect: This bill should not result in any changes to the budget act or related budget actions.

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to resources, environmental protection, energy, and agriculture.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1468**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Julie Salley-Gray**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Public Safety

Summary: Provides for statutory changes necessary to enact the public safety provisions of the Budget Act of 2014.

Background: As part of the 2014-15 budget package, AB 1468 makes statutory changes to implement the budget act.

Proposed Law:

This bill makes the following statutory changes:

Drug and Contraband Interdiction. Requires that any drug and contraband interdiction efforts on the part of California Department of Corrections and Rehabilitation (CDCR) be applied to all individuals in a facility including inmates, department staff, volunteers, and contract employees and that CDCR establish methods to ensure that the searches shall be done randomly and without advance notice.

Case Management Reentry Pilot. Establishes a pilot program to provide intensive case management to offenders who have been released on parole and are likely to benefit from assistance designed to avoid homelessness and joblessness and provide assistance for people with mental illnesses and developmental disabilities.

Split Sentencing. Creates a presumption of split sentencing, which requires the courts to provide a period of mandatory supervision for the concluding portion of a sentence, unless the courts find that it is in the best interest of justice not to do so.

Restoration of Competency. Expands current local restoration of competency programs, funded by the Department of State Hospitals to include community-based residential treatment systems.

Community Reentry. Includes legislative intent that reentry programs that provide services including transitional housing, medical and mental health services in a community setting have been shown to significantly reduce recidivism and that the establishment of those programs in the community should be done quickly and in the context of a comprehensive long-term development plan.

Drug Felonies. Removes the drug felony exclusion from CalWORKs, CalFresh, and General Assistance programs. Requires the California Conservation Corp to develop criteria for drug felon participation.

Inmate Welfare Fund. Allows the Inmate Welfare Fund to be used to finance innovative programming provided by non-profit organizations who have demonstrated success in providing programs dedicated to restorative justice and offender responsibility.

Proposition 36. Allows CDCR to provide services to Proposition 36 offenders who are being released without any type of post-release supervision.

Substance Abuse Peer Counseling. Requires that every state prison that provides substance abuse treatment also include as part of that treatment, a peer counseling component that allows inmates to become certified substance abuse counselors.

Trial Court Security. Establishes a process by which counties that have increased trial court security costs due to new construction can request a General Fund augmentation.

Community Grants. Establishes a grant program through county boards of supervisors for community recidivism reduction and crime prevention providers.

Los Angeles County Jail Financing. Includes findings and declarations encouraging that the Department of Finance work with the County of Los Angeles to develop ways that the state may assist in addressing the mental health and infrastructure needs of the Los Angeles County jail system.

Alternative Custody Programs (ACP). Authorizes county sheriffs and county directors of corrections to develop alternative custody programs, allowing both men and women to voluntarily participate in an ACP in lieu of being confined in a county jail.

Juvenile Justice Data Workgroup. Establishes the Juvenile Justice Data Working Group within the Board of State and Community Corrections (BSCC) and requires the workgroup to develop a comprehensive plan to coordinate and modernize the juvenile justice data systems and reports that are developed and maintained by state and county agencies.

Mentally Ill Offender Crime Reduction (MIOCR) Grants. Reestablishes the MIOCR program to provide grants to local communities to support investment in intervention, assessment, and treatment of mentally ill individuals.

Jail Construction Funding. Authorizes $500 million for lease-revenue bond financing for county jail construction projects designed to improve housing with an emphasis on expanding program and treatment space to manage the adult offender population under its jurisdiction.

Patient Management Unit. Establishes a Patient Management Unit at the Department of State Hospitals.

Health and Human Services Agency (HHSA) Office of Investigations. Establishes the Office of Investigations and Law Enforcement within HHSA and requires the office to establish uniform protocol, procedures, and policies for the peace officers employed at developmental centers and state hospitals.

HHSA Independent Oversight. Requires HHSA to develop a proposal, and report to the Legislature by January 10, 2015, on the development of independent oversight and adoption of best practices to effectively address the employee discipline process, use of force, and criminal and major incident investigations.

Funding for Community Corrections Performance Incentive Grants and Realignment Data Collection. Specifies that the $1 million appropriation provided in 2013-14 for the Administrative Office of the Courts (AOC) for Community Corrections Performance Incentive Grants and realignment data collection is an on-going, annual appropriation. In addition, states the intent of the Legislature to expand the program in 2015-16, to include mandatory supervision and post-release community supervision (PRCS).

Prison Medical Beds Licensure. Converts General Acute Care Hospital (GACH) and Intermediate Care Facility (ICF) medical beds to more cost-effective Correction Treatment Center (CTC) medical beds at California State Prison – Corcoran, California Men's Colony, and California Medical Facility.

Health Care Facility Improvement Program (HCFIP). Allows the use of AB 900 (Solorio), Chapter 7, Statutes of 2007 construction funding for the design and construction of remaining projects in HCFIP.

California Rehabilitation and Oversight Board. Reduces the minimum frequency of the California Rehabilitation and Oversight Board (CROB) meetings from four times per year to two times.

High Control Releases. Allows CDCR to hold high risk offenders for two additional days in the event that they are scheduled to be released on the Friday before a three-day weekend.

Allocations for Law Enforcement Services Account Programs – Juvenile Reentry Grant Minimums. Clarifies that the $15,000 per juvenile minimum allocation, provided prior to public safety realignment, is no longer guaranteed because, under realignment, there is a fixed amount of funding available, based upon dedicated revenues, rather than upon caseload.

Enhancing Law Enforcement Activities Subaccount (ELEAS). Reduces the High Technology Theft Apprehension and Prosecution Program in order to correct an error that causes the funding formula to total to more than 100 percent.

Felony Disposition Data for Youthful Offender Block Grant (YOBG). Requires the Department of Justice to annually provide BSCC the number of juvenile felony court dispositions by county for the previous calendar year.

SB 1022 Clean Up. Allows counties with awards from multiple lease-revenue bond jail financing programs to enter into leases and agreements with either CDCR or the Board of State and Community Corrections.

Realignment Supplantation References. Provides technical clean-up to the statutes that refer to the supplantation of funding for programs that have been realigned to the counties.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2014-15 Budget Act. The bill also contains a $1 million continuous appropriation to the AOC for data collection related to community corrections performance incentives and public safety realignment.

Support: Unknown.

Opposed: Unknown.

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to public safety.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1469**
Author:	**Bonta**
As Amended:	**June 12, 2014**
Consultant:	**Joe Stephenshaw**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: State Teachers' Retirement System (STRS)

Summary: Provides for statutory changes necessary to enact STRS provisions of the Budget Act of 2014.

Background: This bill makes the following statutory changes to implement the 2014-15 budget.

1. Establishes a plan to address the STRS Defined Benefit Program's unfunded liability, which is approximately $74 billion, by increasing contribution rates, beginning July 1, 2014, of teachers, employers, and the state, as follows:

    - For members who are not subject to the Public Employees' Pension Reform Act of 2013 (PEPRA), the rate increases by the percentage of the member's compensation that is creditable to the Defined Benefit Program as follows: 1) on July 1, 2014, by .15 percent; 2) on July 1, 2015, by 1.20 percent; and, 3) on July 1 2016, by 2.25 percent.

    - For members who are subject to PEPRA, the rate increases the percentage of the member's compensation that is creditable to the Defined Benefit Program as follows: 1) on July 1, 2014, by .15 percent; 2) on July 1, 2015, by .56 percent; and, 3) on July 1 2016, by 1.205 percent.

    - The state's contribution rate increases as follows: 1) on July 1, 2014, by 1.437 percent; 2) on July 1, 2015, by 2.874 percent; and, 3) on July 1 2016, by 4.311 percent.

    - The employer contribution rate increases by the percentages of creditable compensation upon which members' contributions under the Defined Benefit Program are based, as follows: 1) on July 1, 2014, by .63 percent; 2) on July 1, 2015, by 2.48 percent; 3) on July 1 2016, by 4.33 percent; 4) on July 1, 2017, by 6.18 percent; 5) on July 1, 2018, by 8.03 percent; 6) on July 1, 2019, by 9.88 percent; and, 7) on July 1, 2020, by 10.85 percent.

2. The contribution rate increases on July 1, 2016, for members and the state, and July 1, 2020, for employers, will be in place until July 1, 2046, unless adjusted as follows:

    - For the 2017-18 fiscal year and each fiscal year thereafter, the STRS Board is required to increase or decrease the state's contribution percentage, from the percentage paid during the prior fiscal year, to reflect the contribution required to eliminate the remaining unfunded actuarial obligation, from benefits in effect prior to July 1, 1990, provided that:

- The adjustment may be for no more than .50 percent per year of the total of the credible compensation of the previous fiscal year.
- At any time when there is not an unfunded actuarial obligation, as determined by the board, the contribution percentage shall be reduced to zero.

- For the 2021-22 fiscal year and each fiscal year thereafter, the STRS Board is required to increase or decrease the employer contribution percentage, from the percentage paid during the prior fiscal year, to reflect the contribution required to eliminate the current unfunded actuarial obligation by June 30, 2046, provided that:

  - The contribution percentage does not change in any single fiscal year by more than 1.0 percent.

  - The increased contribution percentage established by this bill does not exceed 12.0 percent.

  - The board cannot increase the rate in order to supplant the state's obligation, as specified.

3. Makes the improvement factor, which provides retirees with an annual increase of two percent in monthly allowances, a vested right, beginning July 1, 2014 (for members who retire after December 31, 2013), for active members in any calendar year in which active members paid increased contributions pursuant to this bill. Further, specifies that if the increased contributions required by this bill cease to be legally required, due to a prevailing legal challenge that would cause the provisions of this plan to become inoperable, the Legislature reserves the right to adjust the improvement factor, as specified.

4. Requires the STRS Board to report to the Legislature on or before July 1, 2019, and every five years thereafter, on the fiscal health of the Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of the program, before July 1, 2014. The report must identify adjustments required in contribution rates in order to eliminate, by June 30, 2046, the unfunded actuarial obligation of the Defined Benefit Program with respect to service credited to members of the program before July 1, 2014.

5. Establishes that any excess member contributions to the Defined Benefit Supplement Account shall be returned to the member or employer, as specified.

6. Makes legislative declaration that the provisions of this bill, as specified, do not constitute a new functional responsibility for schools and community colleges pursuant to subdivision (c) of Section 41204, and do not require an adjustment pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution. Further, makes legislative declaration that the provisions of this bill, as specified, do not constitute a reimbursable mandate for school districts pursuant to Article XIII B of the California Constitution. Any challenge to these findings must be filed in Sacramento Superior Court within 60 days of the effective date of the act adding this section.

7. Establishes that, on or after June 1 of each year, the Director of Finance must determine if, pursuant to a final, unappealable judicial decision, as specified, an adjustment to the constitutional minimum guarantee of funding for schools, or an adjustment in funding provided to schools and community colleges pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution must be made, or amounts are needed to fund a

reimbursable mandate pursuant to Article XIII B of the California Constitution. If the Director of Finance estimates that an adjustment will require increased General Fund expenditures of more than $10 million, then the increased contributions for members, employers, and the state, required by this bill, will become inoperable.

8. Specifies that any action or proceeding challenging the validity of any matter authorized by the act adding this section by any person or entity shall be brought in accordance with, and within the time specified in (60 days), Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

9. Provides that none of the provisions are severable. If any provision of this act or application of any section of this act is held by a court to be invalid, unenforceable, or not binding, the finding shall invalidate the other provisions and applications of this act in its entirety.

Fiscal Effect: Statutory changes contained in this bill related to state costs are consistent with the 2014 budget package. Significant increased costs for employers, reaching billions of dollars annually through the 2045-46 fiscal year.

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to STRS contributions.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1470**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Peggy Collins**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2013

Summary: This bill makes supplemental appropriations to the Budget Act of 2013. Specifically, this bill appropriates $553,358,000 (General Fund) to the Department of Health Care Services; $443,000 (General Fund) to the Victim Compensation and Government Claims Board; and $291,510 (General Fund) to reimburse qualified counties for costs of homicide trials.

Background:

1. Department of Health Care Services. Unanticipated costs in the current year associated with the delay in federal approval of the hospital quality assurance fee; the delay in the implementation of, and changes to, the 10 percent provider rate reduction in Medi-Cal; increased costs associated with the mandatory expansion of Medi-Cal related to health care reform; and other miscellaneous adjustments. These costs are offset by other savings, for a total deficiency of $553,358,000.

2. Victim Compensation and Government Claims Board (board). The Government Claims Program (program) processes claims for money or damages against the state and is supported through filing fees and surcharges on approved claims. Program revenues have averaged $1.2 million annually. However, current year revenues have fallen significantly below that average and are estimated to be $664,587. The board has redirected staff and reduced operating expenditures and equipment to reduce the deficiency but a shortfall of $443,000 remains.

3. Homicide Trials. Chapter 3 (commencing with Section 15200) of Part 6 of Division 3 of Title 2 of the Government Code allow for qualified counties to seek state reimbursement for homicide trial costs, upon review and approval of the State Controller. The counties of Amador ($115,653), Mariposa ($7,658), and Lassen ($168,199) have all made claims that have been approved by the State Controller.

Fiscal Effect: Appropriates $554,092,510 from the General Fund to address various shortfalls in the Budget Act of 2013.

Support: N/A

Opposed: N/A

Comments:

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1471**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Catherine Freeman**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Fireworks Management and Safe Disposal

Summary: This bill makes various changes to implement the resources budget actions related to fireworks management and disposal adopted as part of the 2014-15 budget package.

Background: As part of the 2014-15 budget package, AB 1471 makes various statutory changes to implement the budget act.

Proposed Law:

- Imposes a ten cents ($0.10) per pound assessment on "safe and sane" fireworks to be collected at the first point of sale in California. This amount may be adjusted up to twenty cents ($0.20) per pound at a public meeting held by the State Fire Marshal in January of each year.

- Requires the revenues to be used for the purpose of training public safety agencies in the proper handling and management of dangerous fireworks, for the disposal of any seized fireworks, and for administration of the fund by the Office of the State Fire Marshall.

- Authorizes the State Fire Marshal to adjust the assessment on an annual basis if the revenue in the fund is not forecast to cover expenses.

Fiscal Effect: This bill should not result in any changes to the budget act or related budget, actions.

Support: Unknown

Opposed: Unknown

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to fireworks management and disposal.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1472**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Brady Van Engelen**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Property Insurance: Seismic Safety Account

Summary: Statutory changes necessary for the continued funding of the Seismic Safety Commission.

Background: The passage of the Seismic Safety Act in 1975 established the Seismic Safety Commission. The Commission was established to advise the Governor, the Legislature, and local governments on risk mitigation in the event of an earthquake. Subsequent legislation (Chapter 532, Statutes of 2006) renamed the commission the Alfred E. Alquist Seismic Safety Commission, moved the commission under the California State and Consumer Services Agency, and added an additional three members to the commission. Currently, the commission is comprised of twenty commissioners.

Proposed Law: This bill would make the following changes:

Continued funding for the Seismic Safety Commission. Existing law created the Seismic Safety Account, within the Insurance Fund. Funds from the Seismic Safety Account are to be distributed, upon appropriation, to the Alfred E. Alquist Seismic Safety Commission and to the Department of Insurance for costs related to the administration of the assessment. The account is funded by an assessment on each individual that owns real property, commercial or residential, that is covered by a property insurance policy. This bill would extend the assessment to each individual that rents or leases property, commercial or residential, that is covered by an insurance policy.

Fiscal Effect: According to the Department of Finance, this assessment on commercial or residential property would generate an additional $300,000 annually.

Support: Unknown

Opposed: Unknown

Comments: Funds required for the support of the commission in the Seismic Safety Account would be distributed to the commission upon appropriation by the Legislature. This measure is subject to a 2/3 vote. This measure contains an urgency clause in order to address the continuing threat of loss of life and property damage due to earthquakes.

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1473**
Author:	**Committee on Budget**
As Amended:	**June 12, 2014**
Consultant:	**Jennifer Troia, Mark Ibele**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014: Education Facilities Trailer Bill

Summary: Provides statutory changes necessary to enact education facilities-related provisions of the Budget Act of 2014.

Background and Proposed Changes: As part of the 2014-15 budget, AB 1473 makes statutory changes necessary to implement the Budget Act. Specifically, this bill would:

1) Prohibit the State Allocation Board from approving funding for specified incentive grants or allocations for projects, pursuant to the Career Technical Education Facilities Program after January 1, 2015, and provide for reallocation of the amounts not yet approved by the board for other purposes, including new construction and modernization of school facilities, and seismic repair, reconstruction, or replacement, as specified;

2) Require the Office of Public School Construction to report to the State Allocation Board and Legislature, by March 1, 2015, on efforts to streamline and speed up the award of seismic mitigation funds;

3) Declare that it is consistent with, and furthers the purposes of, provisions of the bond act related to elementary and secondary school facilities; and

4) Declare that it is to take effect immediately as an urgency statute.

Fiscal Effect: This bill should not result in changes to the Budget Act or related budget actions. Funds appropriated in this bill would be applied toward the minimum funding requirements for school and community college districts imposed by Section 8 of Article XVI of the California Constitution (Proposition 98).

Support: Unknown

Opposed: Unknown

SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW
Mark Leno, Chair

Bill No:	**AB 1474**
Author:	**Committee on Budget**
As Amended:	**As proposed to be amended June 15, 2014**
Consultant:	**Michelle Baass**
Fiscal:	**Yes**
Hearing Date:	**June 15, 2014**

Subject: Budget Act of 2014 - Health

Summary: This is the Omnibus Health Trailer Bill for 2014-15. It contains necessary changes related to the Budget Act of 2014.

Background: This bill makes the following statutory changes to implement the 2014-15 budget:

1. Medi-Cal: Applied Behavioral Analysis (ABA). This bill requires ABA, or behavioral health treatment (BHT), to be a covered Medi-Cal service for individuals under age 21 to the extent required by the federal government. This bill requires the Department of Health Care Services (DHCS) to implement this new benefit only after consultation with stakeholders.

   The proposed amendment deletes the words "and obtains" to provide the ability for DHCS to implement this benefit prior to obtaining an appropriation.

2. Medi-Cal: Supplemental Managed Care Organization (MCO) Drug Rebates for Specialty Drugs. This bill allows for MCO supplemental rebates for specialty drugs, such as Hepatitis C drugs like Sovaldi. This rebate collection would occur when (1) DHCS reimburses health plans through a separate capitated payment or other supplemental payment ("kick-payment") for the specialty drug and (2) health plans follow the clinical guidelines (coverage policies) for this drug. It is estimated that this change would result in $6 million General Fund savings in 2014-15, $20 million General Fund savings in 2015-16, and $31 million General Fund savings annually thereafter.

3. Medi-Cal: Pediatric Vision Projects. This bill implements a pilot program in Los Angeles County no sooner than January 1, 2015, and concluding December 31, 2017, to expand pediatric vision examinations and services through the use of mobile vision providers.

4. Medi-Cal: Program of All-Inclusive Care for Elderly (PACE).This bill requires that PACE capitation rates be no less than 95 percent of the fee-for-service equivalent cost (current law is 90 percent). It is estimated that this change would result in $1.8 million General Fund costs in 2014-15, and $7.3 million General Fund costs annually, thereafter.

5. Medi-Cal: Rates and Access. This bill expresses the Legislature's intent that DHCS continue to monitor access to and utilization of Medi-Cal services and to use this information to evaluate the current reimbursement levels and make targeted changes to those reimbursement levels as it finds appropriate.

6. Robert F. Kennedy Health Plan. This bill provides $3.2 million in one-time funds from the Major Risk Medical Insurance to DHCS to be allocated to the Robert F. Kennedy Health Plan for purposes of purchasing stop loss insurance.

7. Electronic Health Records – State Match. This bill provides $3.75 million in one-time funds from the Major Risk Medical Insurance to DHCS to be used as the state match to draw down

$37.5 million in federal funds to support the meaningful use of electronic health records in the state.

8. HIV Demonstration Projects. This bill establishes public health demonstration projects for innovative, evidence-based approaches to provide outreach, HIV and Hepatitis C screenings, and linkages to, and retention in, quality health care for underserved individuals with high-risk for HIV infection.

9. Song-Brown Program – New Residency Slots. This bill specifies criteria for funds appropriated in the budget act for Song-Brown grants to primary care residency training programs. This bill specifies that priority shall be given to support new primary care physician slots and shall be given to physicians who have graduated from a California-based medical school.

Fiscal Effect: The funding related to the changes in this bill is contained in the 2014-15 budget. This bill reappropriates Department of Developmental Services' funds.

Support: NA

Opposed: NA

Comments: This bill provides the necessary statutory references to enact the 2014-15 budget related to health.