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**SB-102 State government.** (2015-2016)

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**Senate Bill No. 102**

**CHAPTER 323**

An act to amend Sections 11555, 11556, 11565.5, 19825.5, 22866, and 100505 of the Government Code, to amend Section 1233.10 of the Penal Code, to add Sections 75200.2 and 75200.3 to the Public Resources Code, to amend Sections 17138.3 and 24308.7 of the Revenue and Taxation Code, and to add Item 4170-101-3098 to Section 2.00 of the Budget Act of 2015, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor September 22, 2015. Filed with Secretary of State September 22, 2015. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 102, Committee on Budget and Fiscal Review. State government.

(1) Existing law provides for the salaries of the chairperson and commissioners of the Board of Parole Hearings and the chairperson and members of the Occupational Safety and Health Appeals Board, and limits increases to those salaries by, among other restrictions, prohibiting a salary increase exceeding the percentage of the general increase in the salary rates and ranges for classifications provided during that fiscal year for state employees designated as managerial.

This bill would instead authorize the Department of Human Resources to set and adjust, as needed, the annual compensation of these state officers based on specified factors. The bill would prohibit compensation for these state officers from exceeding 125% of the compensation recommended to be paid to the Governor by the California Citizens Compensation Commission, and would require the department to notify the Legislature of the compensation level implemented within 30 days of the effective date of the proposed compensation adjustment.

(2) The Public Employees' Medical and Hospital Care Act requires, among other things, the Board of Administration of the Public Employees' Retirement System to report to the Legislature and the Director of Finance, on November 1, 2015, and annually thereafter, on specific components of the health benefits program.

This bill would remove the requirement for the board to report on November 1, 2015, and instead require the board to report beginning on November 1, 2016, and annually thereafter.

(3) Existing law established the California Health Benefit Exchange to be governed by an executive board consisting of 5 members who are residents of California. Existing law requires the board to establish and use a competitive process to select participating carriers and any other contractors, and exempts any contract entered into pursuant to these provisions from the State Contract Act.

This bill would make a nonsubstantive change to this provision.

(4) Existing law requires a county board of supervisors, upon an agreement to accept specified funding, to develop and administer a competitive grant program in collaboration with the county's Community Corrections Partnership to fund community recidivism and crime reduction services. Existing law allocates funding to counties from the Budget Act of 2015 pursuant to a specified allocation schedule for this purpose and requires the board of supervisors to grant the funds to community recidivism and crime reduction service providers, as defined. Based on the population of the county, existing law limits the maximum amount of funds that may be awarded to a service provider to between \$10,000 and \$100,000, and further limits the total amount of grants that may be awarded to a single provider by all counties to \$100,000.

This bill would make the above-specified limitation on the maximum amount that may be awarded to a service provider applicable to each Budget Act allocation.

(5) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund (the fund) and available for appropriation by the Legislature for purposes related to greenhouse gas reduction.

Existing law continuously appropriates 60% of the annual proceeds of the fund for transit, affordable housing, sustainable communities, and high-speed rail purposes. Existing law, as part of the continuous appropriation from the fund, requires the Strategic Growth Council to develop and administer the Affordable Housing and Sustainable Communities Program to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development and that support other related and coordinated public policy objectives.

This bill would authorize the council to designate a state agency or department to administer the Affordable Housing and Sustainable Communities Program for the disbursement of grants and loans to support the planning and development of sustainable communities. The bill also would authorize the moneys continuously appropriated to the council from the fund to be used by the designated state agency or department for support and local assistance costs.

(6) The Personal Income Tax Law and the Corporation Tax Law provide for various exclusions from the calculation of gross income in determining tax liability, and specifically exclude from that calculation, for taxable years beginning on or after July 1, 2015, an amount received as a loan, loan forgiveness, grant, credit, rebate, voucher, or incentive from the California Residential Mitigation Program or the California Earthquake Authority relating to earthquake loss mitigation. These existing laws define "earthquake loss mitigation" as an activity that reduces seismic risks to a residential structure or its contents, or both, and defines a "residential structure" by reference to another law, relating to policies of residential property insurance.

This bill would remove the reference to a loan from the listing of excluded items, and revise the definition of "residential structure" to also include a residential building of not fewer than 2, but nor more than 10, dwelling units.

(7) The bill would make an appropriation from the State Department of Public Health Licensing and Certification Program Fund of \$400,000 to the Long-Term Care Ombudsman Program for the purposes of Program 3900-Supportive Services, as specified in the Budget Act of 2015.

(8) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 11555 of the Government Code is amended to read:

**11555.** (a) Effective January 1, 1988, an annual salary of seventy-one thousand five hundred eighty-seven dollars (\$71,587) shall be paid to the following:

(1) Chairperson of the Board of Parole Hearings.

(2) Chairperson of the Occupational Safety and Health Appeals Board.

(b) The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

(c) Notwithstanding subdivision (b), any salary increase is subject to Section 19825.5.

**SEC. 2.** Section 11556 of the Government Code is amended to read:

**11556.** (a) Effective January 1, 1988, an annual salary of sixty-nine thousand seventy-six dollars (\$69,076) shall be paid to each of the following:

- (1) Commissioner of the Board of Parole Hearings.
- (2) Member of the Occupational Safety and Health Appeals Board.

(b) The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

(c) Notwithstanding subdivision (b), any salary increase is subject to Section 19825.5.

**SEC. 3.** Section 11565.5 of the Government Code is amended to read:

**11565.5.** Notwithstanding Sections 11553, 11553.5, 11563.7, and 11564, with respect to any salary increase made after January 1, 1997, for nonelected members of state boards and commissions specified in Sections 11553, 11553.5, 11563.7, and 11564, the annual compensation provided by these sections shall not automatically increase but may be increased in any fiscal year in which there is a general increase in the salary ranges and rates for state civil service classifications. The amount of the increase, as determined by the Department of Human Resources and subject to the appropriation of funds by the Legislature in the annual Budget Act, shall not exceed the percentage of the general increase in the salary rates and ranges for classifications provided during that fiscal year for state employees designated as managerial.

**SEC. 4.** Section 19825.5 of the Government Code is amended to read:

**19825.5.** (a) Notwithstanding Sections 11550, 11552, 11554, 11555, and 11556, the department shall set and adjust, as needed, the annual compensation of the officers and employees listed in Sections 11550, 11552, 11554, 11555, and 11556.

(b) When setting or adjusting the annual compensation of the employees described in subdivision (a), the department shall consider the size and scope of the organization, compensation paid to other similar positions in other public jurisdictions, the scope of responsibility of the position, the need to avoid salary compaction, and other factors appropriate to the determination of compensation necessary to recruit and retain qualified employees in leadership positions for the state. The compensation shall not exceed 125 percent (125%) of the compensation recommended to be paid to the Governor of the State of California by the California Citizens Compensation Commission.

(c) The department shall notify the Legislature of the compensation level implemented for any of the employees described in subdivision (a) within 30 days of the effective date of the proposed compensation adjustment.

**SEC. 5.** Section 22866 of the Government Code is amended to read:

**22866.** (a) The board shall report to the Legislature and the Director of Finance on or before November 1, 2016, and annually thereafter, regarding the health benefits program. The report shall include, but not be limited to the following:

(1) General overview of the health benefits program, including, but not limited to, the following:

(A) Description of health plans and benefits provided, including essential and nonessential benefits as required by state and federal law, member expected out-of-pocket expenses, and actuarial value by metal tier as defined by the federal Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(B) Geographic coverage.

(C) Historic enrollment information by basic and Medicare plans, by state and contract agencies, by active and retired membership, and by subscriber and dependent tier.

(D) Historic expenditures by basic and Medicare plans, by state and contract agencies, by active and retired membership, and by subscriber and dependent tier.

(2) Reconciliation of premium increases or decreases from the prior plan year, and the reasons for those changes.

(A) Description of benefit design and benefit changes, including prescription drug coverage, by plan. The description shall detail whether benefit changes were required by statutory mandate, federal law, or an exercise of the board's discretion, the costs or savings of the benefit change, and the impact of how the changes fit into a broader strategy.

(B) Discussion of risk.

(C) Description of medical trend changes in aggregate service categories for each plan. The aggregate service categories used shall include the standard categories of information collected by the board, consisting of the following: inpatient, emergency room, ambulatory surgery, office, ambulatory radiology, ambulatory lab, mental health and substance abuse, other professional, prescriptions, and all other service categories.

(D) Reconciliation of past year premiums against actual enrollments, revenues, and accounts receivables.

(3) Overall member health as reflected by data on chronic conditions.

(4) The impact of federal subsidies or contributions to the health care of members, including Medicare Part A, Part B, Part C, or Part D, low-income subsidies, or other federal program.

(5) The cost of benefits beyond Medicare contained in the board's Medicare supplemental plans.

(6) A description of plan quality performance and member satisfaction, including, but not limited to, the following:

(A) The Healthcare Effectiveness Data and Information Set, referred to as HEDIS.

(B) The Medicare star rating for Medicare supplemental plans.

(C) The degree of satisfaction of members and annuitants with the health benefit plans and with the quality of the care provided, to the extent the board surveys participants.

(D) The level of accessibility to preferred providers for rural members who do not have access to health maintenance organizations.

(E) Other applicable quality measurements collected by the board as part of the board's health plan contracts.

(7) A description of risk assessment and risk mitigation policy related to the board's self-funded and flex-funded plan offerings, including, but not limited to the following:

(A) Reserve levels and their adequacy to mitigate plan risk.

(B) The expected change in reserve levels and the factors leading to this change.

(C) Policies to reduce excess reserves or rebuild inadequate reserves.

(D) Decisions to lower premiums with excess reserves.

(E) The use of reinsurance and other alternatives to maintaining reserves.

(8) Description and reconciliation of administrative expenditures, including, but not limited to, the following:

(A) Organization and staffing levels, including salaries, wages, and benefits.

(B) Operating expenses and equipment expenditure items, including, but not limited to, internal and external consulting and intradepartmental transfers.

(C) Funding sources.

(D) Investment strategies, historic investment performance, and expected investment returns of the Public Employees' Contingency Reserve Fund and the Public Employees' Health Care Fund.

(9) Changes in strategic direction and major policy initiatives.

(b) A report submitted pursuant to subdivision (a) shall be provided in compliance with Section 9795.

**SEC. 6.** Section 100505 of the Government Code is amended to read:

**100505.** (a) The board shall establish and use a competitive process to select participating carriers and any other contractors under this title. Any contract entered into pursuant to this title shall be exempt from Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code, and shall be exempt from the review or approval of any division of the Department of

General Services. The board shall adopt a Health Benefit Exchange Contracting Manual incorporating procurement and contracting policies and procedures that shall be followed by the Exchange. The policies and procedures in the manual shall be substantially similar to the provisions contained in the State Contracting Manual.

(b) The adoption, amendment, or repeal of a regulation by the board to implement this section, including the adoption of a manual pursuant to subdivision (a) and any procurement process conducted by the Exchange in accordance with the manual, is exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2).

**SEC. 7.** Section 1233.10 of the Penal Code is amended to read:

**1233.10.** (a) Upon agreement to accept funding from the Recidivism Reduction Fund, created in Section 1233.9, a county board of supervisors, in collaboration with the county's Community Corrections Partnership, shall develop, administer, and collect and submit data to the Board of State and Community Corrections regarding a competitive grant program intended to fund community recidivism and crime reduction services, including, but not limited to, delinquency prevention, homelessness prevention, and reentry services.

(1) Commencing with the 2014–15 fiscal year, the funding shall be allocated to counties by the State Controller's Office from Item 5227-101-3259 of Section 2.00 of the Budget Act of 2014 according to the following schedule:

Alameda	\$ 250,000
Alpine	\$ 10,000
Amador	\$ 10,000
Butte	\$ 50,000
Calaveras	\$ 10,000
Colusa	\$ 10,000
Contra Costa	\$ 250,000
Del Norte	\$ 10,000
El Dorado	\$ 50,000
Fresno	\$ 250,000
Glenn	\$ 10,000
Humboldt	\$ 50,000
Imperial	\$ 50,000
Inyo	\$ 10,000
Kern	\$ 250,000
Kings	\$ 50,000
Lake	\$ 25,000
Lassen	\$ 10,000
Los Angeles	\$1,600,000
Madera	\$ 50,000
Marin	\$ 50,000
Mariposa	\$ 10,000
Mendocino	\$ 25,000
Merced	\$ 50,000
Modoc	\$ 10,000
Mono	\$ 10,000
Monterey	\$ 100,000
Napa	\$ 50,000
Nevada	\$ 25,000

Orange	\$ 500,000
Placer	\$ 50,000
Plumas	\$ 10,000
Riverside	\$ 500,000
Sacramento	\$ 250,000
San Benito	\$ 25,000
San Bernardino	\$ 500,000
San Diego	\$ 500,000
San Francisco	\$ 250,000
San Joaquin	\$ 250,000
San Luis Obispo	\$ 50,000
San Mateo	\$ 250,000
Santa Barbara	\$ 100,000
Santa Clara	\$ 500,000
Santa Cruz	\$ 50,000
Shasta	\$ 50,000
Sierra	\$ 10,000
Siskiyou	\$ 10,000
Solano	\$ 100,000
Sonoma	\$ 100,000
Stanislaus	\$ 100,000
Sutter	\$ 25,000
Tehama	\$ 25,000
Trinity	\$ 10,000
Tulare	\$ 100,000
Tuolumne	\$ 25,000
Ventura	\$ 250,000
Yolo	\$ 50,000
Yuba	\$ 25,000

(2) Commencing with the 2015–16 fiscal year, the funding shall be allocated to counties by the State Controller's Office from Item 5227-101-3259 of Section 2.00 of the Budget Act of 2015 according to the following schedule:

Alameda	\$ 125,000
Alpine	\$ 5,000
Amador	\$ 5,000
Butte	\$ 25,000
Calaveras	\$ 5,000
Colusa	\$ 5,000
Contra Costa	\$ 125,000
Del Norte	\$ 5,000
El Dorado	\$ 25,000
Fresno	\$ 125,000

Glenn	\$ 5,000
Humboldt	\$ 25,000
Imperial	\$ 25,000
Inyo	\$ 5,000
Kern	\$ 125,000
Kings	\$ 25,000
Lake	\$ 12,500
Lassen	\$ 5,000
Los Angeles	\$ 800,000
Madera	\$ 25,000
Marin	\$ 25,000
Mariposa	\$ 5,000
Mendocino	\$ 12,500
Merced	\$ 25,000
Modoc	\$ 5,000
Mono	\$ 5,000
Monterey	\$ 50,000
Napa	\$ 25,000
Nevada	\$ 12,500
Orange	\$ 250,000
Placer	\$ 25,000
Plumas	\$ 5,000
Riverside	\$ 250,000
Sacramento	\$ 125,000
San Benito	\$ 12,500
San Bernardino	\$ 250,000
San Diego	\$ 250,000
San Francisco	\$ 125,000
San Joaquin	\$ 125,000
San Luis Obispo	\$ 25,000
San Mateo	\$ 125,000
Santa Barbara	\$ 50,000
Santa Clara	\$ 250,000
Santa Cruz	\$ 25,000
Shasta	\$ 25,000
Sierra	\$ 5,000
Siskiyou	\$ 5,000
Solano	\$ 50,000
Sonoma	\$ 50,000
Stanislaus	\$ 50,000
Sutter	\$ 12,500
Tehama	\$ 12,500

Trinity	\$ 5,000
Tulare	\$ 50,000
Tuolumne	\$ 12,500
Ventura	\$ 125,000
Yolo	\$ 25,000
Yuba	\$ 12,500

(b) For purposes of this section, "community recidivism and crime reduction service provider" means a nongovernmental entity or a consortium or coalition of nongovernmental entities, that provides community recidivism and crime reduction services, as described in paragraph (2) of subdivision (c), to persons who have been released from the state prison, a county jail, a juvenile detention facility, who are under the supervision of a parole or probation department, or any other person at risk of becoming involved in criminal activities.

(c) (1) A community recidivism and crime reduction service provider shall have a demonstrated history of providing services, as described in paragraph (2), to the target population during the five years immediately prior to the application for a grant awarded pursuant to this section.

(2) A community recidivism and crime reduction service provider shall provide services that are designed to enable persons to whom the services are provided to refrain from engaging in crime, reconnect with their family members, and contribute to their communities. Community recidivism and crime reduction services may include all of the following:

(A) Self-help groups.

(B) Individual or group assistance with basic life skills.

(C) Mentoring programs.

(D) Academic and educational services, including, but not limited to, services to enable the recipient to earn his or her high school diploma.

(E) Job training skills and employment.

(F) Truancy prevention programs.

(G) Literacy programs.

(H) Any other service that advances community recidivism and crime reduction efforts, as identified by the county board of supervisors and the Community Corrections Partnership.

(I) Individual or group assistance with referrals for any of the following:

(i) Mental and physical health assessments.

(ii) Counseling services.

(iii) Education and vocational programs.

(iv) Employment opportunities.

(v) Alcohol and drug treatment.

(vi) Health, wellness, fitness, and nutrition programs and services.

(vii) Personal finance and consumer skills programs and services.

(viii) Other personal growth and development programs to reduce recidivism.

(ix) Housing assistance.

(d) Pursuant to this section and upon agreement to accept funding from the Recidivism Reduction Fund, the board of supervisors, in collaboration with the county's Community Corrections Partnership, shall grant funds allocated to the county, as described in subdivision (a), to community recidivism and crime reduction service providers based on the needs of their community.



(e) (1) The amount awarded to each community recidivism and crime reduction service provider by a county shall be based on the population of the county, as projected by the Department of Finance, and shall not exceed the following for each Budget Act allocation:

(A) One hundred thousand dollars (\$100,000) in a county with a population of over 4,000,000 people.

(B) Fifty thousand dollars (\$50,000) in a county with a population of 700,000 or more people but less than 4,000,000 people.

(C) Twenty-five thousand dollars (\$25,000) in a county with a population of 400,000 or more people but less than 700,000 people.

(D) Ten thousand dollars (\$10,000) in a county with a population of less than 400,000 people.

(2) The total amount of grants awarded to a single community recidivism and crime reduction service provider by all counties pursuant to this section shall not exceed one hundred thousand dollars (\$100,000) per Budget Act allocation.

(f) The board of supervisors, in collaboration with the county's Community Corrections Partnership, shall establish minimum requirements, funding criteria, and procedures for the counties to award grants consistent with the criteria established in this section.

(g) A community recidivism and crime reduction service provider that receives a grant under this section shall report to the county board of supervisors or the Community Corrections Partnership on the number of individuals served and the types of services provided, consistent with paragraph (2) of subdivision (c). The board of supervisors or the Community Corrections Partnership shall report to the Board of State and Community Corrections any information received under this subdivision from grant recipients.

(h) Of the total amount granted to a county, up to 5 percent may be withheld by the board of supervisors or the Community Corrections Partnership for the payment of administrative costs.

(i) Any funds allocated to a county under this section shall be available for expenditure for a period of four years and any unexpended funds shall revert to the state General Fund at the end of the four-year period.

**SEC. 8.** Section 75200.2 is added to the Public Resources Code, to read:

**75200.2.** The council may designate a state agency or department to administer the program for the disbursement of grants and loans to support the planning and development of sustainable communities consistent with this part and Section 39719 of the Health and Safety Code.

**SEC. 9.** Section 75200.3 is added to the Public Resources Code, to read:

**75200.3.** Moneys appropriated to the council pursuant to Section 39719 of the Health and Safety Code may be used by a state agency or department designated by the council pursuant to Section 75200.2 for that state agency's or department's support and local assistance costs.

**SEC. 10.** Section 17138.3 of the Revenue and Taxation Code is amended to read:

**17138.3.** (a) For each taxable year beginning on or after July 1, 2015, gross income does not include an amount received as a loan forgiveness, grant, credit, rebate, voucher, or other financial incentive issued by the California Residential Mitigation Program or the California Earthquake Authority to assist a residential property owner or occupant with expenses paid, or obligations incurred, for earthquake loss mitigation.

(b) For the purposes of this section, "earthquake loss mitigation" means an activity that reduces seismic risks to a residential structure or its contents, or both. For purposes of structural seismic risk mitigation, a residential structure is either of the following:

(1) A structure described in subdivision (a) of Section 10087 of the Insurance Code.

(2) A residential building of not fewer than 2, but not more than 10, dwelling units.

**SEC. 11.** Section 24308.7 of the Revenue and Taxation Code is amended to read:

**24308.7.** (a) For each taxable year beginning on or after July 1, 2015, gross income does not include an amount received as a loan forgiveness, grant, credit, rebate, voucher, or other financial incentive issued by the California Residential Mitigation Program or the California Earthquake Authority to assist a residential property owner or occupant with expenses paid, or obligations incurred, for earthquake loss mitigation.

(b) For the purposes of this section, "earthquake loss mitigation" means an activity that reduces seismic risks to a residential structure or its contents, or both. For purposes of structural seismic risk mitigation, a residential structure is either of the following:

(1) A structure described in subdivision (a) of Section 10087 of the Insurance Code.

(2) A residential building of not fewer than 2, but not more than 10, dwelling units.

**SEC. 12.** Item 4170-101-3098 is added to Section 2.00 of the Budget Act of 2015, and the amount of four hundred thousand dollars (\$400,000) is hereby appropriated from the State Department of Public Health Licensing and Certification Program Fund to this item for Program 3900-Supportive Services, for the Long-Term Care Ombudsman Program.

**SEC. 13.** This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.