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**AB-129 Education finance.** (2017-2018)

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Date Published: 09/18/2017 09:00 PM

**Assembly Bill No. 129**

**CHAPTER 250**

An act to amend Sections 8263.1, 8273, 8447, 48307, 66010.99, 70023, 88912, and 92965 of, and to repeal Section 8273.2 of, the Education Code, to amend Sections 99102 and 99109 of, to repeal Sections 99103, 99105, and 99107 of, and to repeal and add Section 99104 of, the Government Code, to amend Sections 26205.5, 26227.2, and 26235 of the Public Resources Code, to add Section 19548.3 to the Revenue and Taxation Code, to amend Section 86 of Chapter 15 of the Statutes of 2017, and to repeal Section 78 of Chapter 15 of the Statutes of 2017, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor September 16, 2017. Filed with Secretary of State September 16, 2017. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 129, Committee on Budget. Education finance.

(1) Existing law, the Child Care and Development Services Act, requires the Superintendent of Public Instruction to administer child care and development programs that offer a full range of services to eligible children from infancy to 13 years of age. The act, and regulations adopted pursuant to the act, set forth eligibility requirements for families to receive federal and state subsidized child development services, including income eligibility requirements, and impose various time limits for receipt of services and recertification for continued services. Existing law requires the Department of Finance to calculate the state median income for various family sizes, as provided, for purposes of establishing income eligibility for services under the act and requires the Department of Finance to update those calculations and provide them to the State Department of Education no later than May 1 of each fiscal year.

Existing law requires the Superintendent of Public Instruction to establish a fee schedule for families using preschool and child care and development services, as specified, and requires family fees to be assessed at initial enrollment and reassessed at update of certification or recertification. Existing law, commencing with the 2014–15 fiscal year, requires the adopted family fee schedule that was in effect on July 1, 2014, to remain in effect.

This bill would instead require the Department of Finance to update its calculations of the state median income for various family sizes and provide the updated data to the State Department of Education no later than March 1 of each fiscal year. The bill would instead require the Superintendent to design the family fee schedule based on the most recent census data available on state median family income in the past 12 months, adjusted for family size. The bill would repeal the provision requiring, commencing with the 2014–15 fiscal year, the adopted family fee schedule that was in effect on July 1, 2014, to remain in effect.

(2) Under existing law, the Middle Class Scholarship Program provides that an undergraduate student enrolled at the University of California or the California State University, or enrolled in upper division coursework in a community college baccalaureate program, and meeting certain requirements, is eligible for a scholarship award that, combined with other federal, state, and institutionally administered grants and fee waivers, totals up to 40% of the systemwide tuition and fees.

Under existing law, to receive an award under the Middle Class Scholarship Program, a student is required to have an annual household income that does not exceed \$150,000 as adjusted to reflect changes in the cost of living, satisfy specified requirements for a Cal Grant award, be a California resident or exempt from paying nonresident tuition, file specified financial aid forms, timely apply for publicly funded student financial aid for which he or she is eligible, maintain at least a 2.0 grade point average, be pursuing his or her first undergraduate baccalaureate degree or be enrolled in a specified professional teacher preparation program, and be enrolled at least part time.

Existing law transfers \$117,000,000 from the General Fund to the Middle Class Scholarship Fund, and appropriates that sum to the Student Aid Commission for purposes of the scholarship program, for the 2017–18 fiscal year and each fiscal year thereafter.

The bill would reduce the existing appropriation for the 2017–18 fiscal year only from \$117,000,000 to \$96,000,000.

(3) Existing law, commencing with the 2017–18 academic year, establishes the Community College Completion Grant Program, which would require participating community colleges to award grants to their students who meet specified requirements. The maximum annual grant award under the program is \$2,000.

This bill would expand eligibility of the program to include students meeting the other requirements under the program who enroll in a sufficient number of units per semester, quarterly equivalent, or summer term, as determined by the community college, to be considered on track to receive a baccalaureate degree under the Baccalaureate Degree Pilot Program, as specified. The bill would make the maximum grant award per semester, or quarterly equivalent, under the Community College Completion Grant Program \$1,000.

(4) Existing law requires the University of California, from certain funds appropriated in the Budget Act of 2016, to make one-time expenditures totaling \$2,200,000 per campus for activities to expand or accelerate economic development in the state. Existing law provides that a campus of the University of California may not expend the funds unless an external advisory body designated by the Regents of the University of California certifies that the chancellor of the campus has demonstrated that the funds will only be used for the cost of activities that support the expansion or acceleration of economic development in the state, including providing certain benefits to entrepreneurs.

This bill, subject to that certification by the advisory body, would additionally authorize the use of these funds for activities associated with research and development of new energy technologies and storage.

(5) Existing law establishes the Every Kid Counts (EKC) Act that would, upon appropriation by the Legislature, provide for a one-time dollar-for-dollar matching grant of up to \$200 to accounts opened under the Golden State Scholarshare Trust Act. The act provides a one-time matching grant in the amount of \$25 to a Scholarshare account if the qualifying family establishes an automatic contribution plan of \$25 or more per month. The act requires a participating designated beneficiary and his or her parent or legal guardian who opened the Scholarshare account to meet specified requirements in order to participate in the matching grant program. The act only allows an individual to be the designated beneficiary on one account under the program. The act authorizes the Scholarshare Investment Board to obtain remedies against the designated beneficiary or his or her parent or legal guardian if any of the matching grant funds are not used for qualified higher education expenses or if the matching grant program participant or designated beneficiary otherwise fails to meet the act's requirements.

This bill would revise and recast the act to instead require the board to implement and administer a college savings program that incentivizes families to participate in a qualified tuition program established under the Golden State Scholarshare Trust Act or other college savings programs. Before implementing the program, the bill would require the board to make specified considerations, including how best to incentivize low-income families to participate in these college savings programs and whether and how proposed actions allow for rigorous evaluation of the effects of the Every Kid Counts (EKC) Act. The bill would require the Scholarshare Investment Board and the Franchise Tax Board to exchange prescribed information in order to verify financial eligibility under college savings programs administered by the Scholarshare Investment Board.

(6) The Administrative Procedure Act governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law.

The California Clean Energy Jobs Act, an initiative approved by the voters as Proposition 39 at the November 6, 2012, statewide general election, made changes to corporate income taxes and, except as specified, provides for the transfer of \$550,000,000 annually from the General Fund to the Clean Energy Job Creation Fund for 5 fiscal years beginning with the 2013–14 fiscal year. Moneys in the fund are available, upon appropriation by the Legislature, for purposes of funding eligible projects that create jobs in California improving energy efficiency and expanding clean energy generation. Existing law exempts from the Administrative Procedure Act the adoption or revision of certain guidelines implementing the California Clean Energy Jobs Act.

Existing law provides for the allocation of moneys remaining in the fund after the 2017–18 fiscal year and, commencing with the 2018–19 fiscal year, establishes the Clean Energy Job Creation Program to fund projects that create jobs in California improving energy efficiency and expanding clean energy generation, and provides for the allocation of moneys appropriated by the

Legislature to community college districts and local educational agencies for purposes of the program. Existing law authorizes the Energy Commission to adopt guidelines implementing these provisions consistent with the duties of the Citizens Oversight Board, which is established by the California Clean Energy Jobs Act, to, among other things, oversee expenditures from the fund.

This bill would provide that the adoption or revision of the guidelines implementing any of the above provisions is exempt from the Administrative Procedure Act. The bill would repeal the language explicitly requiring that those guidelines be consistent with the provisions establishing and assigning the duties of the Citizens Oversight Board.

(7) Existing law, the California Healthcare, Research, and Prevention Tobacco Tax Act of 2016, or Proposition 56, which was approved by voters at the November 8, 2016, statewide general election, increases taxes imposed on distributors of cigarettes and tobacco products and allocates 15% of the revenue to the State Department of Education to be used for school programs to prevent and reduce the use of tobacco and nicotine products by young people, as provided. Existing law requires those funds to be allocated to support programs that prevent and reduce the use of tobacco and nicotine products by young people pursuant to other legislation enacted in the 2017–18 Regular Session that is consistent with Proposition 56, or, if no legislation regarding the use of those funds is chaptered by October 15, 2017, requires those funds to be allocated to the department to be used for school programs to prevent and reduce the use of tobacco and nicotine products by young people, as provided.

This bill would repeal the latter provisions.

(8) Existing law establishes the California-Grown Fresh School Meals Grant Program as a one-time program for purposes of incentivizing the purchase of California-grown food by schools and expanding the number of freshly prepared school meals offered within the state that use California-grown ingredients. The bill requires the Superintendent of Public Instruction to provide grants to school districts, county offices of education, and charter schools for these purposes.

Existing law establishes the California-Grown Fresh School Meals Account in the Special Deposit Fund, a continuously appropriated fund, and authorizes the deposit of funds donated from public and private sources into the account for allocation by the Superintendent for purposes of the program. Existing law requires the Superintendent to report to the Department of Finance by September 30, 2017, on the funds received and grants awarded from the account. Existing law requires any funds received or unallocated after July 1, 2018, or after such time as the 2017–18 grants have been fully allocated, whichever is later, to be transferred to the General Fund and the account to be closed.

This bill would instead require the Superintendent to annually report to the Department of Finance by September 30 of each year, through September 30, 2020, on the funds received and grants awarded from the account. The bill would require any funds received for deposit in, or unallocated from, the account after July 1, 2020, to be transferred to the General Fund and the account to be closed. By extending the term for which an existing appropriation is available, the bill would make an appropriation.

(9) This bill would correct and update cross-references, make conforming changes, and make other nonsubstantive changes.

(10) 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

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

**SECTION 1.** Section 8263.1 of the Education Code is amended to read:

**8263.1.** (a) For purposes of establishing initial income eligibility for services under this chapter, “income eligible” means that a family’s adjusted monthly income is at or below 70 percent of the state median income, adjusted for family size, as specified in subdivision (c).

(b) For purposes of establishing ongoing income eligibility under this chapter, “ongoing income eligible” means that a family’s adjusted monthly income is at or below 85 percent of the state median income, adjusted for family size, as specified in subdivision (c).

(c) The Department of Finance shall calculate the state median income for family sizes of one to four, inclusive, by using the most recent census data available on state median family income in the past 12 months by family size. The Department of Finance shall calculate the state median income for family sizes of five and above by using the most recent census data for a family of four and multiplying this number by the ratios for the appropriate family size used in the federal Low-Income Home Energy Assistance Program (42 U.S.C. Sec. 8621 et seq.) and specified in federal regulations at paragraphs (5), (6), and (7) of subdivision (b) of Section 96.85 of Title 45 of the Code of Federal Regulations. The Department of Finance shall update its calculations of the state median income for families according to the methodology provided in this subdivision and provide the updated data to the department no later than March 1 of each fiscal year.

(d) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included as income for purposes of determining eligibility for child care under this chapter.

**SEC. 2.** Section 8273 of the Education Code is amended to read:

**8273.** (a) The Superintendent shall establish a fee schedule for families using preschool and child care and development services pursuant to this chapter, including families receiving services pursuant to paragraph (1) of subdivision (b) of Section 8263. It is the intent of the Legislature that the new fee schedule shall be simple and easy to implement.

(b) The family fee schedule shall retain a flat monthly fee per family. The schedule shall differentiate between fees for part-time care and full-time care.

(c) Using the most recently approved family fee schedule pursuant to subdivision (f) of Section 8447, families shall be assessed a flat monthly fee based on income, certified family need for full-time or part-time care services, and enrollment, and shall not be based on actual attendance. No recalculation of a family fee shall occur if attendance varies from enrollment unless a change in need for care is assessed.

(d) The Superintendent shall design the new family fee schedule based on the most recent census data available on state median family income in the past 12 months, adjusted for family size, according to the methodology provided in subdivision (c) of Section 8263.1. The revised fees shall not exceed 10 percent of the family's monthly income. The Superintendent shall first submit the adjusted fee schedule to the Department of Finance for approval.

(e) The income of a recipient of federal supplemental security income benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and state supplemental program benefits pursuant to Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code shall not be included in total countable income for purposes of determining the amount of the family fee.

(f) Family fees shall be assessed at initial enrollment and reassessed at update of certification or recertification.

(g) It is the intent of the Legislature that the new family fees shall be cost neutral to the state and generate roughly the same amount of revenue as was generated under the previous family fee schedule.

**SEC. 3.** Section 8273.2 of the Education Code is repealed.

**SEC. 4.** Section 8447 of the Education Code is amended to read:

**8447.** (a) The Legislature hereby finds and declares that greater efficiencies may be achieved in the execution of state subsidized child care and development program contracts with public and private agencies by the timely approval of contract provisions by the Department of Finance, the Department of General Services, and the department and by authorizing the department to establish a multiyear application, contract expenditure, and service review as may be necessary to provide timely service while preserving audit and oversight functions to protect the public welfare.

(b) (1) The Department of Finance and the Department of General Services shall approve or disapprove annual contract funding terms and conditions, including both family fee schedules and regional market rate schedules that are required to be adhered to by contract, and contract face sheets submitted by the department not more than 30 working days from the date of submission, unless unresolved conflicts remain between the Department of Finance, the department, and the Department of General Services. The department shall resolve conflicts within an additional 30 working day time period. Contracts and funding terms and conditions shall be issued to child care contractors no later than June 1. Applications for new child care funding shall be issued not more than 45 working days after the effective date of authorized new allocations of child care moneys.

(2) Notwithstanding paragraph (1), the department shall implement the regional market rate schedules based upon the county aggregates, as specified in Section 8357 and the annual Budget Act.

(3) It is the intent of the Legislature to fully fund the third stage of child care for former CalWORKs recipients.

(c) With respect to subdivision (b), it is the intent of the Legislature that the Department of Finance annually review contract funding terms and conditions for the primary purpose of ensuring consistency between child care contracts and the child care budget. This review shall include evaluating any proposed changes to contract language or other fiscal documents to which the contractor is required to adhere, including those changes to terms or conditions that authorize higher reimbursement rates, modify related adjustment factors, modify administrative or other service allowances, or diminish fee revenues otherwise available for services, to determine if the change is necessary or has the potential effect of reducing the number of full-time equivalent children that may be served.

(d) Alternative payment child care systems, as set forth in Article 3 (commencing with Section 8220), shall be subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments. The department shall contract to conduct and complete a regional market rate survey no more frequently than once every two years, consistent with federal regulations, with a goal of completion by March 1.

(e) By March 1 of each year, the Department of Finance shall provide to the department the state median income amount for a four-person household in California using the methodology provided in subdivision (c) of Section 8263.1. The department shall adjust its fee schedule for child care providers to reflect this updated state median income; however, no changes based on revisions to the state median income amount shall be implemented midyear.

(f) Notwithstanding the June 1 date specified in subdivision (b), changes to the regional market rate schedules and fee schedules may be made at any other time to reflect the availability of accurate data necessary for their completion, provided these documents receive the approval of the Department of Finance. The Department of Finance shall review the changes within 30 working days of submission and the department shall resolve conflicts within an additional 30 working day period. Contractors shall be given adequate notice before the effective date of the approved schedules. It is the intent of the Legislature that contracts for services not be delayed by the timing of the availability of accurate data needed to update these schedules.

**SEC. 5.** Section 48307 of the Education Code is amended to read:

**48307.** (a) A school district of residence with an average daily attendance greater than 50,000 may limit the number of pupils transferring out each year to 1 percent of its current year estimated average daily attendance.

(b) A school district of residence with an average daily attendance of 50,000 or less may limit the number of pupils transferring out to 3 percent of its current year estimated average daily attendance and may limit the maximum number of pupils transferring out for the duration of the program authorized by this article to 10 percent of the average daily attendance for that period.

(c) A school district of residence that has a negative status on the most recent budget certification completed by the county superintendent of schools in any fiscal year may limit the number of pupils who transfer out of the district in that fiscal year.

(d) Notwithstanding any prior or existing certification of a school district of residence pursuant to Article 3 (commencing with Section 42130) of Chapter 6 of Part 24, if a county superintendent of schools determines that a school district of residence would not meet the standards and criteria for fiscal stability specified in Section 42131 for the subsequent fiscal year exclusively due to the impact of additional pupil transfers pursuant to this article in that year, the school district of residence may limit the number of additional pupils who transfer in the upcoming school year pursuant to this article up to the number that the county superintendent of schools identifies beyond which number of additional transfers would result in a qualified or negative certification in that year exclusively as a result of additional transfers pursuant to this article.

(e) A school district of residence, upon receiving notification of a pupil's acceptance into the school district of choice, may prohibit the transfer of a pupil under this article or limit the number of pupils so transferred if the governing board of the school district of residence determines that the transfer would negatively impact any of the following:

(1) The court-ordered desegregation plan of the school district of residence.

(2) The voluntary desegregation plan of the school district of residence, consistent with the provisions of Proposition 209, an initiative measure adopted by the voters at the November 5, 1996, General Election.

(3) The racial and ethnic balance of the school district of residence, consistent with the provisions of Proposition 209, an initiative measure adopted by the voters at the November 5, 1996, General Election.

(f) Notwithstanding any other provision of this article, a school district of residence shall not prohibit the transfer of a pupil who is a child of an active military duty parent.

(g) A school district of residence shall not adopt policies that in any way block or discourage pupils from applying for transfer to a school district of choice.

(h) Notwithstanding any other provision of this article, a pupil attending a school district of choice or a pupil who received a notice of acceptance into a school district of choice before the school district of residence restricted further transfers pursuant to subdivision (c) or (d) shall be permitted to attend the school district of choice.

**SEC. 6.** Section 66010.99 of the Education Code is amended to read:

**66010.99.** (a) The funds appropriated to the Board of Governors of the California Community Colleges in Schedule 23 of Item 6870-101-0001 of Section 2.00 of the Budget Act of 2017 are for allocation by the board of governors to make awards to community colleges pursuant to this article.

(b) The board of governors shall award moneys pursuant to this article for innovations that improve student success, and that are sustainable and capable of being scaled across the state, with a particular focus on all of the following:

(1) Programs and frameworks that support students from groups that are underrepresented in higher education, such as low-income students, students from underrepresented schools and neighborhoods, first-generation students, students who are current or former foster youth, and students with disabilities.

(2) Targeted services and programs for students who are current or former members of the Armed Forces of the United States. For the purposes of this section, "Armed Forces of the United States" means the Air Force, Army, Coast Guard, Marine Corps, Navy, and the reserve components of each of those forces, the National Guard of any state, the California State Military Reserve, and the California Naval Militia.

(3) Programs and frameworks that support adults who have been displaced from the workforce, and adults who are underemployed, so as to obtain the necessary training for gainful employment.

(4) Programs that support incarcerated adults in prisons and jails, including formerly incarcerated adults.

(5) Programs that incorporate technology to improve instruction and support services with a plan to ensure student success in these types of programs.

(c) The board of governors shall make an award pursuant to this article only to a community college, but the award may be for innovations that encourage or require partnership between the community college and other entities.

(d) (1) By January 1, 2020, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the activities supported by the moneys awarded.

(2) By January 1, 2022, the Chancellor's Office shall report to the Director of Finance and the Legislature a summary of the outcomes for the student populations identified by the community colleges in their applications for an award, including, but not limited to, the number of degrees and certificates awarded and the time it took students to complete their program.

(3) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

**SEC. 7.** Section 70023 of the Education Code is amended to read:

**70023.** (a) For each academic year, the commission shall determine an amount sufficient, when combined with other federal, state, or institutionally administered student grants or fee waivers received by eligible students from other sources, to provide scholarships to eligible students in the amounts described in paragraphs (2) and (3) of subdivision (a) of Section 70022. The University of California, the California State University, and the Office of the Chancellor of the California Community Colleges shall provide the commission with any financial aid data that are necessary for the determination of these amounts.

(b) The commission shall annually determine if the amounts appropriated under this section in each fiscal year are sufficient to cover the costs of the scholarships as projected to be awarded pursuant to the program. If those amounts are not sufficient for this purpose, the scholarships shall be reduced proportionately by an equal percentage for all recipients of scholarships under this article.

(c) The commission may adopt regulations necessary to carry out the purposes of this article under subdivision (b) as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of the Administrative Procedure Act, including Section 11349.6 of the Government Code, the adoption of those regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1 of the Government Code. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, any regulation adopted pursuant to this section shall not remain in effect more than 180 days unless the commission complies with all provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, as required by subdivision (e) of Section 11346.1 of the Government Code.

(d) The unencumbered balance, as of June 30 of each fiscal year, of the amount appropriated from the Middle Class Scholarship Fund pursuant to paragraph (1) of subdivision (e) shall revert to the General Fund.

(e) (1) Upon order of the Director of Finance, the following amounts shall be transferred from the General Fund to the Middle Class Scholarship Fund, and are hereby appropriated to the commission for allocation pursuant to this article:

(A) For the 2014–15 fiscal year, one hundred seven million dollars (\$107,000,000).

(B) For the 2015–16 fiscal year, eighty-two million dollars (\$82,000,000).

(C) For the 2016–17 fiscal year, seventy-four million dollars (\$74,000,000).

(D) For the 2017–18 fiscal year, ninety-six million dollars (\$96,000,000).

(E) For the 2018–19 fiscal year and for each fiscal year thereafter, one hundred seventeen million dollars (\$117,000,000).

(2) An annual appropriation to the commission is hereby established in the amounts and for the fiscal years described in paragraph (1) to carry out the purposes of this section and Section 70022.

(3) It is the intent of the Legislature that any savings realized from changes made to the allocations under this subdivision by a bill providing for appropriations related to the Budget Bill for the 2015–16 fiscal year shall be used to support higher education.

(4) The funds transferred and appropriated pursuant to paragraph (1) shall only be available for encumbrance in the fiscal year in which they are transferred, and the General Fund shall have no liability or any obligation beyond the transfers explicitly authorized in paragraph (1) unless a subsequent transfer or allocation is required pursuant to statute.

(5) In any fiscal year, additional appropriations may be enacted pursuant to statute to carry out the purposes of this article.

(6) (A) Beginning with the Governor's Budget proposal for the 2014–15 fiscal year, and in the Governor's Budget for each fiscal year thereafter, the Department of Finance shall include a fund condition statement for the Middle Class Scholarship Fund for the fiscal year of the proposed budget and the two immediately preceding fiscal years prepared in accordance with existing law.

(B) Upon order of the Director of Finance and commencing with the 2013–14 fiscal year, if the May Revision projects a budget deficit for the next fiscal year, the amount specified in paragraph (1) for the fiscal year for which the budget deficit is projected may be reduced by up to 33 percent.

(f) Subject to an appropriation in the annual Budget Act for its purposes, the commission may begin implementation of, and establish outreach services relating to, this article.

**SEC. 8.** Section 88912 of the Education Code is amended to read:

**88912.** (a) Commencing with the 2017–18 academic year, each participating community college shall provide a grant award to a student pursuant to subdivision (b). The purpose of the grant award is to provide the student with additional financial aid to help offset his or her total cost of community college attendance.

(b) A student attending a community college may receive a grant award pursuant to this section if the student meets all of the following requirements:

(1) The student has received an award under the Full-Time Success Grant program established pursuant to Schedule (1) of Item 6870-102-0001 of the Budget Act of 2016 for each term in which he or she receives an award under this section.

(2) The student is enrolled in a program of study and has completed an education plan identifying courses, sequence of courses, key progress milestones, and other requirements the student must complete to earn an associate degree, career technical education certificate, or other community college certificates, or meet university transfer requirements.

(3) The student is not incarcerated.

(4) The student is not in default on any student loan and has not failed to repay a federal or state student grant when required to do so.

(5) (A) The student maintains a grade point average of at least 2.0 and complies with any one of the following:

(i) Enrolls in 15 or more credit units per semester, or the equivalent number of units per quarter, to be considered on track to obtain an associate degree for transfer or an associate degree, or to otherwise transfer to a four-year university, within two academic years, or within three academic years if a student is required to take basic skills courses by the community college.

(ii) Enrolls in a sufficient number of units per semester, quarter, or summer term, as determined by the community college, to be considered on track to receive a certificate for a career technical education program or other community college certificates within the published length of time, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.

(iii) Enrolls in intersession or summer coursework after enrolling in 12 or more credits per the primary semester, or the applicable number of units per quarter, as applicable, to be considered on track to receive an associate degree for transfer or an associate degree, or to otherwise transfer to a four-year university, within two academic years, or within three academic years if a student is required to take basic skills courses by the community college.

(iv) Enrolls in a sufficient number of units per semester, quarterly equivalent, or summer term, as determined by the community college, to be considered on track to receive a baccalaureate degree authorized pursuant to Article 3 (commencing with Section 78040) of Chapter 1 of Part 48 of Division 7 within the published length of time, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.

(B) For the purposes of subparagraph (A), credits earned while participating in a dual enrollment program shall count towards the requisite number of units required.

(6) The student earns a sufficient number of credits per award year to be considered on track to complete one of the following:

(A) An associate degree for transfer or an associate degree, or to otherwise transfer to a four-year university, within two academic years, or within three academic years if a student is required to take basic skills courses by the community college.

(B) A career technical education certificate within the published time for the career technical education program, or complete any other community college certificate within the published length of time for the certificate program, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.

(C) A baccalaureate degree authorized pursuant to Article 3 (commencing with Section 78040) of Chapter 1 of Part 48 of Division 7, within the published length of time for the degree, or within the published length of time plus one academic year if a student is required to take basic skills courses by the community college.

(7) The student is a California resident or is exempt from paying nonresident tuition under Section 68130.5 or 76140.

(c) (1) To the extent practicable, a grant award shall be awarded at the same time as a recipient's overall financial aid package.

(2) The grant award shall be two thousand dollars (\$2,000) annually, with a maximum one-thousand-dollar (\$1,000) award per semester, or quarterly equivalent, shall be considered a supplemental grant, and shall not supplant any other grant, fee waiver, or scholarship aid received by the student, including, but not necessarily limited to, federal grants, Cal Grant awards, institutional grants, merit-based scholarships, athletic scholarships, and full-time student success grants.

(3) The grant award shall be based upon the financial need of the applicant, and shall not exceed the calculated financial need for any individual applicant. The minimum level of financial need of applicants shall be determined by the commission pursuant to Section 69432.9.

(4) The grant award identified in paragraph (2) shall be proportionally reduced if the amount of funding appropriated in the annual Budget Act for this purpose is insufficient to fully fund the total number of students awarded a grant.

(d) Each participating community college shall administer the grant award pursuant to the requirements of this section.

(e) This section shall not be operative in a fiscal year unless funding has been provided for this section for that fiscal year in the annual Budget Act or another statute.

**SEC. 9.** Section 92965 of the Education Code is amended to read:

**92965.** (a) With funds appropriated in Item 6440-001-0001 of Section 2.00 of the Budget Act of 2016, the University of California shall make one-time expenditures for activities to expand or accelerate economic development in the state, including activities associated with the research and development of new energy technologies and storage, in ways that are aligned with other efforts to support innovation and entrepreneurship.

(b) From the funds specified in subdivision (a), two million two hundred thousand dollars (\$2,200,000) shall be allocated to each of the following campuses of the University of California:

(1) Berkeley.

(2) Davis.

(3) Irvine.

(4) Los Angeles.

(5) Merced.

(6) Riverside.

(7) San Diego.



(8) San Francisco.

(9) Santa Barbara.

(10) Santa Cruz.

(c) The Regents of the University of California shall designate an external advisory body, whose members have demonstrated expertise in innovation and entrepreneurship, to encourage the effective use of the funds specified in subdivision (b) through planning and oversight.

(d) A campus shall not expend the funds specified in subdivision (b) until the external advisory body has certified that the chancellor of the campus has demonstrated all of the following:

(1) That the funds will be used only for the costs of activities that support the expansion or acceleration of economic development in the state, including activities associated with research and development of new energy technologies and storage, such as any of the following benefits for entrepreneurs:

(A) Business training.

(B) Mentorship.

(C) Proof-of-concept grants.

(D) Work space.

(E) Laboratory space.

(F) Equipment.

(G) Research and development.

(2) That the funds will be spent only after the uses and beneficiaries have been determined through a transparent, inclusive, and fair process.

(3) That private funds will also be used for these activities, with the intent that the amount of private funds will be at least equal to the amount specified in subdivision (b).

(4) That any financial benefit that results from the use of these funds, including any revenues generated with these funds be accounted for and also used on these activities.

(5) That a credible plan has been developed to support any ongoing activities beyond the one-time expenditures of these funds.

(e) The external advisory body shall notify the Director of Finance and the Legislature, no fewer than 10 days before providing certification pursuant to subdivision (d) of its intent to do so.

(f) (1) On or before November 30, 2017, the Regents of the University of California shall report to the Director of Finance and the Legislature on the specific activities at each campus supported by these funds.

(2) The report shall be submitted to the Legislature pursuant to Section 9795 of the Government Code.

**SEC. 10.** Section 99102 of the Government Code is amended to read:

**99102.** (a) There is hereby established the Every Kid Counts (EKC) College Savings Program.

(b) Upon appropriation by the Legislature, the Scholarshare Investment Board shall implement and administer a college savings program that incentivizes families to participate in a qualified tuition program established pursuant to Article 19 (commencing with Section 69980) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code or other college savings programs.

**SEC. 11.** Section 99103 of the Government Code is repealed.

**SEC. 12.** Section 99104 of the Government Code is repealed.

**SEC. 13.** Section 99104 is added to the Government Code, to read:

**99104.** (a) Before implementing a new program pursuant to this title, the board shall consider all of the following:

(1) How best to incentivize low-income families to participate in a qualified tuition program established pursuant to Article 19 (commencing with Section 69980) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code or other college savings programs.

(2) How best to work with local governments, school districts, nonprofits, or other entities to develop programs that automatically enroll families into a qualified tuition program established pursuant to Article 19 (commencing with Section 69980) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code or other college savings programs.

(3) Strategies to select a target population and enrollment strategy, to determine appropriate funding levels for seed money or matching funds, to plan for family and child engagement, and to determine other programming that could encourage financial literacy or college-going behavior.

(b) The board shall consult with relevant committees in the Legislature and the Department of Finance before implementing a program pursuant to this title. The board shall report to the Director of Finance and the Joint Legislative Budget Committee, no later than 30 days before any encumbrances or expenditures of funds appropriated for purposes of this title, regarding its plan for the use of the funds.

**SEC. 14.** Section 99105 of the Government Code is repealed.

**SEC. 15.** Section 99107 of the Government Code is repealed.

**SEC. 16.** Section 99109 of the Government Code is amended to read:

**99109.** (a) The board may, in implementing and administering this title, consider whether and how proposed actions allow for rigorous evaluation, such as through experimental or quasi-experimental methods, of the effects of a program established pursuant to this title, including whether the program causes each of the following:

- (1) Families to open a Scholarshare account.
- (2) Families to make college savings contributions.
- (3) Children to attend college.
- (4) Children to graduate from college.

(b) Consistent with other laws, the board may make data available to allow for the rigorous evaluation described in subdivision (a).

**SEC. 17.** Section 26205.5 of the Public Resources Code is amended to read:

**26205.5.** (a) Of the moneys provided to the Job Creation Fund for purposes of paragraph (1) of subdivision (a) of Section 26205, the available remaining funds, which are the funds allocated to a local educational agency that has not submitted an energy expenditure plan, as determined by the Energy Commission as of March 1, 2018, shall be appropriated as follows:

(1) The first seventy-five million dollars (\$75,000,000) shall be provided to school districts and county offices of education for grants or loans for schoolbus retrofit or replacement through a program administered by the Energy Commission, in consultation with the State Air Resources Board.

(A) Priority shall be given to school districts and county offices of education operating the oldest schoolbuses or schoolbuses operating in disadvantaged communities, as identified pursuant to Section 39711 of the Health and Safety Code, as determined by the State Air Resources Board, and to school districts or county offices of education with a majority of students eligible for free or reduced-price meals in the prior year.

(B) Any schoolbuses that have been replaced pursuant to this paragraph shall be scrapped.

(C) A local air district may administer funding provided pursuant to this paragraph, if authorized by the Energy Commission.

(2) The next one hundred million dollars (\$100,000,000) shall be deposited into the Education Subaccount, created pursuant to Section 26227, for the purpose of low-interest and no-interest revolving loans and loan loss reserves for eligible projects and technical assistance on a competitive basis. Priority shall be given to local educational agencies based on the percentage of students eligible for free or reduced-price meals in the prior year, energy savings, geographic diversity, and diversity in the size of the local educational agencies' student populations. If a local educational agency has a project eligible for a loan under this paragraph, the maximum loan amount for the project shall be the project cost reduced by both of the following, as applicable:

(A) The amount of any grant awarded for the project pursuant to paragraph (3).

(B) Any state, federal, or local incentives that have been provided for the project.

(3) (A) (i) The remaining moneys, if any, shall be provided to local educational agencies in accordance with subdivision (b) of Section 26227.2, as implemented by the Energy Commission, in consultation with the State Department of Education, as follows:

(I) Ten percent shall be for local educational agencies with an average daily attendance of not more than 1,000.

(II) Ten percent shall be for local educational agencies with an average daily attendance of more than 1,000 and not more than 2,000.

(III) Eighty percent shall be for local educational agencies with an average daily attendance of more than 2,000.

(ii) The Energy Commission may adjust the funding allocations specified in clause (i) and may add additional categories based on average daily attendance to further the purposes of Section 26227.2.

(B) The Energy Commission shall facilitate local educational agency pursuit of funding under this paragraph and from the State Energy Conservation Assistance Account through coordinated information, documentation, and review processes regarding the project.

(C) For purposes of this paragraph, average daily attendance shall be those numbers as reported in the prior year, as determined by the State Department of Education.

(b) A local educational agency that receives moneys pursuant to this section shall encumber those moneys within nine months of allocation.

(c) For purposes of this section, the following definitions apply:

(1) "Energy Commission" means the State Energy Resources Conservation and Development Commission.

(2) "Local educational agency" means a school district, county office of education, charter school, or state special school.

**SEC. 18.** Section 26227.2 of the Public Resources Code is amended to read:

**26227.2.** (a) Commencing with the 2018–19 fiscal year, the Clean Energy Job Creation Program is hereby established for the purpose of funding projects described in paragraph (1) or (2) of subdivision (a) of Section 26205 that create jobs in California improving energy efficiency and expanding clean energy generation.

(b) All of the following criteria shall apply to the Clean Energy Job Creation Program:

(1) Project selection and oversight shall be managed by, and funds shall be appropriated only to, existing state and local government agencies with established expertise in managing energy projects and programs.

(2) All projects shall be selected based on in-state job creation and energy benefits for each project type.

(3) All projects shall be cost effective with the total benefits being greater than the costs of the project over time. Project selection may, in addition to energy benefits, include consideration of nonenergy benefits, such as health and safety.

(4) All projects shall require contracts that identify the project specifications, costs, and projected energy savings.

(5) All projects shall be subject to audit.

(6) Program overhead costs, including administrative costs incurred by the Energy Commission, shall not exceed 4 percent of the total funding.

(7) Agencies administering the program shall coordinate with the Energy Commission and the Public Utilities Commission to avoid duplication and to maximize leverage of existing energy efficiency and clean energy efforts.

(8) Eligible expenditures include expenditures associated with technical assistance and with reducing project costs and delays, including the development and implementation of processes that reduce the costs of design, permitting or financing, or other barriers to project completion and job creation.

(c) Commencing with the 2018–19 fiscal year, funds appropriated in the annual Budget Act or another statute for the Clean Energy Job Creation Program shall be available as follows:

(1) Eleven percent of the funds shall be available to community college districts, to be allocated by the Chancellor of the California Community Colleges at his or her discretion for program purposes.

(2) (A) The remaining moneys shall be allocated to local educational agencies as follows:

(i) Ten percent shall be for local educational agencies with an average daily attendance of not more than 1,000.

(ii) Ten percent shall be for local educational agencies with an average daily attendance of more than 1,000 and not more than 2,000.

(iii) Eighty percent shall be for local educational agencies with an average daily attendance of more than 2,000.

(B) The Energy Commission may adjust the funding allocations specified in subparagraph (A) and may add additional categories based on average daily attendance to further the purposes of this section.

(C) The Energy Commission in allocating grants to local educational agencies pursuant to this section shall give priority based on the following:

(i) The local educational agency's percentage of students eligible for free or reduced-price meals in the prior year.

(ii) Geographic diversity that ensures urban, suburban, and rural local educational agencies receive grants and ensures the awarding of grant funding in all regions of the state.

(iii) Workforce needs of the areas in which the local educational agencies are located, as determined by the California Workforce Investment Board and the local workforce investment boards.

(d) A local educational agency that receives moneys pursuant to this section shall encumber those moneys within nine months of allocation.

(e) For purposes of this section, a "local educational agency" means a school district, county office of education, charter school, or state special school.

**SEC. 19.** Section 26235 of the Public Resources Code is amended to read:

**26235.** (a) The Energy Commission, in consultation with the Superintendent of Public Instruction, the Chancellor of the California Community Colleges, and the Public Utilities Commission, shall establish guidelines for the following:

(1) Standard methods for estimating energy benefits, including reasonable assumptions for current and future costs of energy, and guidelines to compute the cost of energy saved as a result of implementing eligible projects funded by this chapter.

(2) Contractor qualifications, licensing, and certifications appropriate for the work to be performed, provided that the Energy Commission shall not create any new qualification, license, or certification pursuant to this subparagraph.

(3) Project evaluation, including the following:

(A) Benchmarks or energy rating systems to select best candidate facilities.

(B) Use of energy surveys or audits to inform project opportunities, costs, and savings.

(C) Sequencing of facility improvements.

(D) Methodologies for cost-effectiveness determination.

(4) To ensure that adequate energy audit, measurement, and verification procedures are employed to ensure that energy savings and greenhouse gas emissions reductions occur as a result of any funding provided pursuant to this section. The Energy Commission shall develop a simple preinstallation verification form that includes project description, estimated energy savings, expected number of jobs created, current energy usage, and costs. The Energy Commission may develop benchmarking and other innovative facility evaluation systems in coordination with the University of California.

(5) Achievement of the maximum feasible energy efficiency or clean energy benefits, as well as job creation benefits for Californians, resulting from projects implemented pursuant to this chapter.

(6) Where applicable, ensuring LEAs assist classified school employees with training and information to better understand how they can support and maximize the achievement of energy savings envisioned by the funded project.

(b) The Energy Commission shall allow the use of data analytics of energy usage data, where possible, in the energy auditing, evaluation, inventorying, measuring, and verification of projects. To ensure quality of results, data analytics providers shall have received prior technical validation by the Energy Commission, a local utility, or the Public Utilities Commission.

(c) A community college district or LEA shall not use a sole source process to award funds pursuant to this chapter. A community college district or LEA may use the best value criteria as defined in paragraph (1) of subdivision (c) of Section 20133 of the Public Contract Code to award funds pursuant to this chapter.

(d) The Energy Commission shall adopt the guidelines in accordance with this section at a publicly noticed meeting and provide an opportunity for public comment. The Energy Commission shall provide written public notice of a meeting at least 30 days prior to the meeting.

(1) For substantive revision of the guidelines, the Energy Commission shall provide written notice of a meeting at least 15 days prior to the meeting at which the revision is to be considered or adopted.

(2) The adoption or revision of guidelines pursuant to this division is exempt from Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(e) Each participating LEA shall prioritize the eligible projects within its jurisdiction taking into consideration, as applicable, at least the following factors:

(1) The age of the school facilities, as well as any plans to close or demolish the facilities.

(2) The proportion of pupils eligible for funds under Title I of the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) at particular schoolsites.

(3) Whether the facilities have been recently modernized.

(4) The facilities' hours of operation, including whether the facilities are operated on a year-round basis.

(5) The school's energy intensity as determined from an energy rating or benchmark system such as the United States Environmental Protection Agency's Energy Star system or other acceptable benchmarking approach that may be available from local utilities, the American Society for Heating, Refrigerating, and Air-Conditioning Engineers, Inc., or reputable building analysis software as is appropriate to the size, budget, and expertise available to the school.

(6) The estimated financial return of each project's investment over the expected lifecycle of the project, in terms of net present value and return on investment.

(7) Each project's potential for energy demand reduction.

(8) The anticipated health and safety improvements or other nonenergy benefits for each project.

(9) The individual or collective project's ability to facilitate matriculation of local residents into state-certified apprenticeship programs.

(10) The expected number of trainees and direct full-time employees likely to be engaged for each LEA's annual funding commitments based upon a formula to be made available by the Energy Commission or California Workforce Investment Board. The formula shall be stated as labor-intensities per total project dollar expended, and may differentiate by type of improvement, equipment, or building trade involved.

(11) The ability of the project to enhance workforce development and employment opportunities, utilize members of the California Conservation Corps, certified local conservation corps, Youth Build, veterans, Green Partnership Academies, nonprofit organizations, high school career technical academies, high school regional occupational programs, or state-certified apprenticeship programs, or to accommodate learning opportunities for school pupils or at-risk youth in the community.

(f) The Superintendent of Public Instruction shall not distribute funds to an LEA unless the LEA has submitted to the Energy Commission, and the Energy Commission has approved, an expenditure plan that outlines the energy projects to be funded. An LEA shall utilize a simple form expenditure plan developed by the Energy Commission. The Energy Commission shall promptly review the plan to ensure that it meets the criteria specified in this section and in the guidelines developed by the Energy Commission. A portion of the funds may be distributed to an LEA upon request for energy audits and other plan development activities prior to submission of the plan.

(g) This section shall not affect the eligibility of any eligible entity awarded a grant pursuant to this section to receive other incentives available from federal, state, and local government, or from public utilities or other sources, or to leverage the grant from this section with any other incentive.

(h) Any limitation of funds awarded to individual projects pursuant to this chapter shall not preclude or otherwise limit the total amount of funds that a recipient LEA or community college may otherwise be eligible to receive as a result of identifying multiple projects that meet the overall objectives and criteria described in this chapter.

(i) For a school facility that is not publicly owned, an LEA receiving moneys pursuant to this chapter for a project for that facility shall require that the school repay to the state all moneys received from the Job Creation Fund for the project if the school voluntarily vacates the facility within five years of project completion. The facility owner shall repay to the state all moneys received from the Job Creation Fund for the project if the school was forced to vacate the facility within the life of the project completion. All benefits of these public funds should be received by the school utilizing the facility.

(j) It is the intent of the Legislature that monetary savings at eligible institutions from retrofit and installation projects pursuant to this section be used to benefit students and learning at those institutions.

**SEC. 20.** Section 19548.3 is added to the Revenue and Taxation Code, to read:

**19548.3.** (a) Notwithstanding any other law, the Scholarshare Investment Board shall disclose the name and individual taxpayer identification number (ITIN) or social security number of a participant in a qualified tuition program established pursuant to Article 19 (commencing with Section 69980) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code to the Franchise Tax Board for the purpose of verifying the income eligibility for participants of any of the programs administered by the Scholarshare Investment Board.

(b) (1) The Franchise Tax Board, upon receipt of this information, shall inform the Scholarshare Investment Board of both of the following:

(A) The amounts of the federal adjusted gross income as reported by the taxpayer to the Franchise Tax Board.

(B) The amounts of the California adjusted gross income as reported by the taxpayer to the Franchise Tax Board or as adjusted by the Franchise Tax Board.

(2) The Franchise Tax Board shall provide the information to the Scholarshare Investment Board for the most recent taxable year that the Franchise Tax Board has information available, and shall include the first and last name, date of birth, and the ITIN or social security number of the taxpayer.

(c) The Franchise Tax Board shall return or destroy all information received from the Scholarshare Investment Board after completing the exchange of information.

**SEC. 21.** Section 78 of Chapter 15 of the Statutes of 2017 is repealed.

**SEC. 22.** Section 86 of Chapter 15 of the Statutes of 2017 is amended to read:

**SEC. 86.** (a) For the 2017–18 fiscal year, the amount of one million five hundred thousand dollars (\$1,500,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction to establish the California-Grown Fresh School Meals Grant Program for purposes of incentivizing the purchase of California-grown food by schools and expanding the number of freshly prepared school meals offered within the state that use California-grown ingredients.

(b) Pursuant to the one-time grant program, the Superintendent of Public Instruction shall provide grants to school districts, county offices of education, and charter schools for either of the following:

(1) The purchase of California-grown food to be used for school meals in accordance with the federal National School Lunch Program or the federal School Breakfast Program.

(2) Expanding the number of freshly prepared school meals, including, but not limited to, purchasing equipment necessary to provide school meals to pupils and providing professional development to relevant food service employees regarding the implementation of healthy school meals.

(c) The Superintendent of Public Instruction shall give priority in awarding grants to school districts, county offices of education, or charter schools that enroll at least 50 percent unduplicated pupils.

(d) The Superintendent of Public Instruction shall give positive consideration to school districts, county offices of education, or charter schools that do any of the following:

(1) Provide professional development to food service employees.

(2) Partner with community-based or nonprofit organizations to provide California-grown food to school districts, county offices of education, or charter schools.

(e) At least 13 grants shall be awarded statewide. Grants shall be in amounts of not less than fifty thousand dollars (\$50,000) and not more than one hundred twenty-five thousand dollars (\$125,000) per grant.

(f) (1) The California-Grown Fresh School Meals Account is hereby established in the Special Deposit Fund for the deposit of funds donated from public and private sources to meet the purpose of this section.

(2) The Superintendent of Public Instruction may allocate funds from the California-Grown Fresh School Meals Account for the purposes of this section.

(3) The Superintendent of Public Instruction shall annually report to the Department of Finance by September 30 of each year, through September 30, 2020, on the funds received and grants awarded from the California-Grown Fresh School Meals Account.

(4) Any funds received for deposit in, or unallocated from, the California-Grown Fresh School Meals Account after July 1, 2020, shall be transferred to the General Fund and this account shall be closed.

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (a) shall be deemed to be "General Fund revenues appropriated for school districts," as defined in subdivision (c) of Section 41202 of the Education Code, for the 2017–18 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2017–18 fiscal year.

**SEC. 23.** 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.