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SB-90 Public social services: 1991 Realignment Legislation and IHSS Maintenance of Effort and collective bargaining. (2017-2018)

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Senate Bill No. 90

CHAPTER 25

An act to repeal Section 6531.5 of, to repeal Title 23 (commencing with Section 110000) of, and to repeal and amend Section 6253.2 of, the Government Code, to amend Sections 6051.15, 6051.2, 6201.15, 6201.2, and 7102 of the Revenue and Taxation Code, to amend Sections 5912, 17600.15, 17600.50, 17604, 17605, 17606.20, 17612.1, 17612.2, 17613.1, and 17613.2 of, to amend and repeal Section 12306.15 of, to add Sections 12306.16, 12306.17, 12306.18, and 17600.70 to, to add and repeal Section 12301.61 of, to repeal Sections 12300.5, 12300.6, 12300.7, 12302.21, and 12302.25 of, to repeal and amend Section 10101.1 of, and to repeal and add Sections 12306 and 12306.1 of, the Welfare and Institutions Code, and to amend Section 34 of Chapter 37 of the Statutes of 2013, relating to public social services, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 27, 2017. Filed with Secretary of State June 27, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

SB 90, Committee on Budget and Fiscal Review. Public social services: 1991 Realignment Legislation and IHSS Maintenance of Effort and collective bargaining.

(1) Existing law provides for the allocation of funds appropriated from the continuously appropriated Local Revenue Fund for the distribution of sales tax and motor vehicle license fee moneys to local agencies for the administration of various health, mental health, and public social service programs (1991 Realignment funds).

Existing law establishes the county-administered In-Home Supportive Services (IHSS) program, under which qualified aged, blind, and disabled persons are provided with services in order to permit them to remain in their own homes and avoid institutionalization. Existing law requires the state and counties to share the annual cost of providing in-home supportive services, with the state paying to the county 65% of the nonfederal cost and each county paying 35% of the nonfederal cost. Notwithstanding that provision, existing law requires all counties to have a County IHSS Maintenance of Effort (MOE) and requires counties to pay the County IHSS MOE instead of paying the nonfederal share of IHSS costs, as specified.

Existing law permits services to be provided under the IHSS program through the employment of individual providers, a contract between the county and an entity for the provision of services, the creation by the county of a public authority, or a contract between the county and a nonprofit consortium. Under existing law, any public authority created under the IHSS program is deemed to be the employer of in-home support services personnel within the meaning of the Meyers-Milias-Brown Act, which governs local employer-employee relations. Existing law also provides that any nonprofit consortium contracting with a county is deemed the employer of in-home supportive services personnel for the purposes of collective bargaining over wages, hours, and other terms and conditions of employment.

Existing law establishes the California In-Home Supportive Services Authority, referred to as the Statewide Authority, and requires the Statewide Authority to be the entity authorized to meet and confer in good faith regarding wages, benefits, and other terms and conditions of employment with representatives of recognized employee organizations for any individual provider who is employed by a recipient of supportive services, as specified. Existing law establishes the In-Home Supportive Services Fund within the State Treasury. Existing law requires that moneys in the fund be made available, upon appropriation by the Legislature, to the Statewide Authority for the purposes of funding its functions.

Existing law establishes the In-Home Supportive Services Employer-Employee Relations Act, which serves to resolve disputes regarding wages, benefits, and other terms and conditions of employment between the Statewide Authority and recognized employee organizations providing in-home supportive services. Under the act, the Statewide Authority is deemed to be the employer of record, for purposes of collective bargaining, of individual providers of in-home supportive services in each county, as specified.

This bill would revise and recast provisions relating to 1991 Realignment Legislation and the County IHSS MOE. Among other things, the bill would eliminate the existing County IHSS MOE and instead implement a new costsharing arrangement between the state and counties, as specified. The bill would establish a statewide total County IHSS MOE base for these purposes, as specified, and establish a process for determining each county's share of that amount. The bill would appropriate moneys from the General Fund to offset a portion of IHSS costs incurred by the counties. The bill would further authorize a portion of those costs to be offset from other related 1991 Realignment funds, as specified. Under certain circumstances, the bill would authorize a county to request loans from the state for purposes of implementation. The bill would require the Department of Finance to implement these provisions, as specified. The bill would make conforming changes to related provisions, including to certain 1991 Realignment fund provisions in the Revenue and Taxation Code. The bill would freeze reimbursement rates for certain services under limited circumstances.

The bill would also repeal provisions relating to, and thereby eliminate, the Statewide Authority, the IHSS Fund, and the IHSS Employer-Employee Relations Act. The bill would require, until January 1, 2020, a specified mediation process to be held if a public authority or nonprofit consortium fails to reach agreement on a bargaining contract with its in-home supportive services workers by January 1, 2018, as prescribed. The bill would make conforming changes to related provisions. By creating new duties for local entities relating to collective bargaining under the IHSS program, the bill would impose a state-mandated local program.

(2) Existing law conditions implementation of the Coordinated Care Initiative (CCI), on whether the Director of Finance estimates that the Coordinated Care Initiative will generate net General Fund savings, as specified. Existing law requires these savings to be calculated based, in part, on estimated program costs approved by the federal government.

This bill would clarify that the calculation of General Fund savings is based on the estimated costs of the entire CCI program, as defined, and not only those parts of the program subject to federal approval.

(3) The bill would authorize the State Department of Social Services to adopt emergency regulations implementing specified provisions of the bill.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(5) 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: yes

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

SECTION 1. Section 6253.2 of the Government Code, as amended by Section 1 of Chapter 830 of the Statutes of 2016, is repealed.

SEC. 2. Section 6253.2 of the Government Code, as amended by Section 2 of Chapter 830 of the Statutes of 2016, is amended to read:

6253.2. (a) Notwithstanding any other provision of this chapter to the contrary, information regarding persons paid by the state to provide in-home supportive services pursuant to Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code or personal care services pursuant to Section 14132.95 of the Welfare and Institutions Code, is not subject to public disclosure pursuant to this chapter, except as provided in subdivision (b).

(b) Copies of names, addresses, home telephone numbers, and personal cellular telephone numbers of persons described in subdivision (a) shall be made available, upon request, to an exclusive bargaining agent and to any labor organization seeking representation rights pursuant to subdivision (c) of Section 12301.6 or Section 12302.25 of the Welfare and Institutions Code or Chapter 10 (commencing with Section 3500) of Division 4 of Title 1. This information shall not be used by the receiving entity for any purpose other than the employee organizing, representation, and assistance activities of the labor organization.

(c) This section applies solely to individuals who provide services under the In-Home Supportive Services Program (Article 7 (commencing with Section 12300) of Chapter 3 of Part 3 of Division 9 of the Welfare and Institutions Code) or the Personal Care Services Program pursuant to Section 14132.95 of the Welfare and Institutions Code.

(d) Nothing in this section is intended to alter or shall be interpreted to alter the rights of parties under the Meyers-Milias-Brown Act (Chapter 10 (commencing with Section 3500) of Division 4) or any other labor relations law.

SEC. 3. Section 6531.5 of the Government Code is repealed.

SEC. 4. Title 23 (commencing with Section 110000) of the Government Code is repealed.

SEC. 5. Section 6051.15 of the Revenue and Taxation Code is amended to read:

6051.15. (a) Notwithstanding Section 7101 or any other law, the amount of revenues, net of refunds, collected pursuant to Section 6051 and attributable to a rate of 1.0625 percent shall, subject to subdivision (b), be deposited in the State Treasury to the credit of the Local Revenue Fund 2011, as established pursuant to Section 30025 of the Government Code, and shall be used exclusively for the public safety purposes for which that fund is created.

(b) The amount of revenues derived from any tax or tax increase enacted after July 1, 2011, that is deposited in the Local Revenue Fund 2011 shall be applied to reduce the amount otherwise required to be deposited in that fund pursuant to subdivision (a).

(c) Notwithstanding subdivisions (a) and (b), if the Director of Finance determines that the State Board of Equalization has allocated more revenue to the Local Revenue Fund 2011 than required by subdivisions (a) and (b) for taxable sales that occurred during the period of July 1, 2011, to June 30, 2016, inclusive, the total amount of revenues credited to the Local Revenue Fund 2011 for this period shall be considered to have fulfilled the requirements of subdivisions (a) and (b), and no allocation adjustment for this period shall be made.

SEC. 6. Section 6051.2 of the Revenue and Taxation Code is amended to read:

6051.2. (a) In addition to the taxes imposed by Section 6051 and any other provision of this part, for the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers at the rate of $\frac{1}{2}$ percent of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in this state on and after July 15, 1991.

(b) All revenues received pursuant to this section shall be deposited in the State Treasury to the credit of the Local Revenue Fund, as established pursuant to Section 17600 of the Welfare and Institutions Code.

(c) This section shall cease to be operative on the first day of the first month of the calendar quarter following notification to the board by the Department of Finance of a final judicial determination by the California Supreme Court or any California court of appeal that the revenues collected pursuant to this section and Section 6201.2 that are deposited in the Local Revenue Fund are either of the following:

(1) "General Fund proceeds of taxes appropriated pursuant to Article XIII B of the California Constitution," as used in subdivision (b) of Section 8 of Article XVI of the California Constitution.

(2) "Allocated local proceeds of taxes," as used in subdivision (b) of Section 8 of Article XVI of the California Constitution.

(d) Notwithstanding subdivisions (a) and (b), if the Director of Finance determines that the State Board of Equalization has allocated more revenue to the Local Revenue Fund than required by subdivisions (a) and (b) for taxable sales that occurred during the period of July 1, 2011, to June 30, 2016, inclusive, the total amount of revenues credited to the Local Revenue Fund for this period shall be considered to have fulfilled the requirements of subdivisions (a) and (b), and no allocation adjustment for this period shall be made.

SEC. 7. Section 6201.15 of the Revenue and Taxation Code is amended to read:

6201.15. (a) Notwithstanding Section 7101 or any other law, the amount of revenues, net of refunds, collected pursuant to Section 6201 and attributable to a rate of 1.0625 percent shall, subject to subdivision (b), be deposited in the State Treasury to

the credit of the Local Revenue Fund 2011, as established pursuant to Section 30025 of the Government Code, and shall be used exclusively for the public safety purposes for which that fund is created.

(b) The amount of revenues derived from any tax or tax increase enacted after July 1, 2011, that is deposited in the Local Revenue Fund 2011 shall be applied to reduce the amount otherwise required to be deposited in that fund pursuant to subdivision (a).

(c) Notwithstanding subdivisions (a) and (b), if the Director of Finance determines that the State Board of Equalization has allocated more revenue to the Local Revenue Fund 2011 than required by subdivisions (a) and (b) for taxable sales that occurred during the period of July 1, 2011, to June 30, 2016, inclusive, the total amount of revenues credited to the Local Revenue Fund 2011 for this period shall be considered to have fulfilled the requirements of subdivisions (a) and (b), and no allocation adjustment for this period shall be made.

SEC. 8. Section 6201.2 of the Revenue and Taxation Code is amended to read:

6201.2. (a) In addition to the taxes imposed by Section 6201 and any other provision of this part, an excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property purchased from any retailer on or after July 15, 1991, for storage, use, or other consumption in this state at the rate of $\frac{1}{2}$ percent of the sales price of the property.

(b) All revenues received pursuant to this section shall be deposited in the State Treasury to the credit of the Local Revenue Fund, as established pursuant to Section 17600 of the Welfare and Institutions Code.

(c) This section shall cease to be operative on the first day of the first month of the calendar quarter following notification to the board by the Department of Finance of a final judicial determination by the California Supreme Court or any California court of appeal that the revenues collected pursuant to this section and Section 6051.2 and deposited in the Local Revenue Fund are either of the following:

(1) "General Fund proceeds of taxes appropriated pursuant to Article XIII B of the California Constitution," as used in subdivision (b) of Section 8 of Article XVI of the California Constitution.

(2) "Allocated local proceeds of taxes," as used in subdivision (b) of Section 8 of Article XVI of the California Constitution.

(d) Notwithstanding subdivisions (a) and (b), if the Director of Finance determines that the State Board of Equalization has allocated more revenue to the Local Revenue Fund than required by subdivisions (a) and (b) for taxable sales that occurred during the period of July 1, 2011, to June 30, 2016, inclusive, the total amount of revenues credited to the Local Revenue Fund for this period shall be considered to have fulfilled the requirements of subdivisions (a) and (b), and no allocation adjustment for this period shall be made.

SEC. 9. Section 7102 of the Revenue and Taxation Code is amended to read:

7102. The money in the fund shall, upon order of the Controller, be drawn therefrom for refunds under this part, credits or refunds pursuant to Section 60202, and refunds pursuant to Section 1793.25 of the Civil Code, or be transferred in the following manner:

(a) (1) All revenues, less refunds, derived under this part at the $\frac{4}{4}$ -percent rate, including the imposition of sales and use taxes with respect to the sale, storage, use, or other consumption of motor vehicle fuel which would not have been received if the sales and use tax rate had been 5 percent and if motor vehicle fuel, as defined for purposes of the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301)), had been exempt from sales and use taxes, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund, except as modified as follows:

(A) For the 2001–02 fiscal year, those transfers may not be more than eighty-one million dollars (\$81,000,000) plus one-half of the amount computed pursuant to this paragraph that exceeds eighty-one million dollars (\$81,000,000).

(B) For the 2002–03 fiscal year, those transfers may not be more than thirty-seven million dollars (\$37,000,000) plus one-half of the amount computed pursuant to this paragraph that exceeds thirty-seven million dollars (\$37,000,000).

(C) For the 2003–04 fiscal year, no transfers shall be made pursuant to this paragraph, except that if the amount to be otherwise transferred pursuant to this paragraph is in excess of eighty-seven million four hundred fifty thousand dollars (\$87,450,000), then the amount of that excess shall be transferred.

(D) For the 2004–05 fiscal year, no transfers shall be made pursuant to this paragraph, and of the amount that would otherwise have been transferred, one hundred forty million dollars (\$140,000,000) shall instead be transferred to the Traffic Congestion Relief Fund as partial repayment of amounts owed by the General Fund pursuant to Item 2600-011-3007 of the Budget Act of 2002 (Chapter 379 of the Statutes of 2002).

(E) For the 2005–06 fiscal year, no transfers shall be made pursuant to this paragraph.

(F) For the 2006–07 fiscal year, the revenues estimated pursuant to this paragraph shall, notwithstanding any other provision of this paragraph or any other provision of law, be transferred and allocated as follows:

(i) The first two hundred million dollars (\$200,000,000) shall be transferred to the Transportation Deferred Investment Fund as partial repayment of the amounts owed by the General Fund to that fund pursuant to Section 7106.

(ii) The next one hundred twenty-five million dollars (\$125,000,000) shall be transferred to the Bay Area Toll Account for expenditure pursuant to Section 188.6 of the Streets and Highways Code.

(iii) Of the remaining revenues, thirty-three million dollars (\$33,000,000) shall be transferred to the Public Transportation Account to support appropriations from that account in the Budget Act of 2006.

(iv) The remaining revenues shall be transferred to the Public Transportation Account for allocation as follows:

(I) Twenty percent to the Department of Transportation for purposes of Section 99315 of the Public Utilities Code.

(II) Forty percent to the Controller, for allocation pursuant to Section 99314 of the Public Utilities Code.

(III) Forty percent to the Controller, for allocation pursuant to Section 99313 of the Public Utilities Code.

(G) For the 2007–08 fiscal year, the first one hundred fifty-five million four hundred ninety-one thousand eight hundred thirty-seven dollars (\$155,491,837) in revenue estimated pursuant to this paragraph each quarter shall, notwithstanding any other provision of this paragraph or any other provision of law, be transferred quarterly to the Mass Transportation Fund. If revenue in any quarter is less than that amount, the transfer in the subsequent quarter or quarters shall be increased so that the total transferred for the fiscal year is six hundred twenty-one million nine hundred sixty-seven thousand three hundred forty-eight dollars (\$621,967,348).

(H) For the 2008–09 fiscal year and every fiscal year thereafter, 50 percent of the revenue estimated pursuant to this paragraph each quarter shall, notwithstanding any other provision of this paragraph or any other provision of law, and except as provided in subparagraph (I), be transferred to the Mass Transportation Fund. Notwithstanding this requirement, for the 2008–09 fiscal year, the amount of three hundred eight million seven hundred thirty-five thousand dollars (\$308,735,000) for each of the first three quarters, and the amount of one hundred fifteen million twenty-nine thousand dollars (\$115,029,000) for the fourth quarter, shall be transferred to the Mass Transportation Fund. If revenue for any quarter is less than the specified amount, the transfer in the subsequent quarter or quarters shall be increased so that the total transfer for the fiscal year is one billion forty-one million two hundred thirty-four thousand dollars (\$1,041,234,000).

(I) For the 2009–10 to 2012–13 fiscal years, inclusive, all revenue estimated pursuant to this paragraph shall, notwithstanding any other provision of this paragraph or any other provision of law, be transferred quarterly to the Mass Transportation Fund.

(2) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate, resulting from increasing, after December 31, 1989, the rate of tax imposed pursuant to the Motor Vehicle Fuel License Tax Law on motor vehicle fuel, as defined for purposes of that law, shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(3) All revenues, less refunds, derived under this part at the $4\frac{3}{4}$ -percent rate from the imposition of sales and use taxes on fuel, as defined for purposes of the Use Fuel Tax Law (Part 3 (commencing with Section 8601)) and the Diesel Fuel Tax Law (Part 31 (commencing with Section 60001)), shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be transferred quarterly to the Public Transportation Account, a trust fund in the State Transportation Fund.

(4) (A) All revenues, less refunds, derived under this part from the taxes imposed pursuant to Sections 6051.2 and 6201.2 shall be transferred to the Sales Tax Account of the Local Revenue Fund for allocation to cities and counties as prescribed by statute.

(B) Notwithstanding subparagraph (A), if the Director of Finance determines that the State Board of Equalization has allocated more revenue to the Local Revenue Fund for taxable sales that occurred during the period of July 1, 2011, through June 30, 2016, than required by subparagraph (A), the total amount of revenue credited to the Local Revenue Fund for taxable sales that occurred during the period of July 1, 2011, through June 30, 2016, for allocation to cities and counties as prescribed by statute shall be considered to have fulfilled the requirements of subparagraph (A), and no allocation adjustment for this period shall be made.

(5) All revenues, less refunds, derived from the taxes imposed pursuant to Section 35 of Article XIII of the California Constitution shall be transferred to the Public Safety Account in the Local Public Safety Fund created in Section 30051 of the Government Code for allocation to counties as prescribed by statute.

(6) Notwithstanding paragraph (5), if the Director of Finance determines that the State Board of Equalization has allocated more revenue to the Public Safety Account for taxable sales that occurred during the period of July 1, 2011, through June 30, 2016, than required by paragraph (5), the total amount of revenue credited to the Public Safety Account for taxable sales that occurred during the period of July 1, 2011, through June 30, 2016, shall be considered to have fulfilled the requirements of paragraph (5), and no allocation adjustment for this period shall be made.

(b) The balance shall be transferred to the General Fund.

(c) The estimates required by subdivision (a) shall be based on taxable transactions occurring during a calendar year, and the transfers required by subdivision (a) shall be made during the fiscal year that commences during that same calendar year. Transfers required by paragraphs (1), (2), and (3) of subdivision (a) shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and shall be made quarterly.

(d) Notwithstanding the designation of the Public Transportation Account as a trust fund pursuant to subdivision (a), the Controller may use the Public Transportation Account for loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code. The loans shall be repaid with interest from the General Fund at the Pooled Money Investment Account rate.

(e) The Legislature may amend this section, by statute passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, if the statute is consistent with, and furthers the purposes of this section.

SEC. 10. Section 5912 of the Welfare and Institutions Code is amended to read:

5912. (a) As long as contracts require institutions for mental disease to continue to be licensed and certified as skilled nursing facilities by the State Department of Public Health, they shall be reimbursed for basic services at the rate established by the State Department of Health Care Services. Effective July 1, 2014, the reimbursement rate for institutions for mental disease shall increase by 3.5 percent annually.

(b) It is the intent of the Legislature that the annual rate increases provided in subdivision (a) be utilized by the institutions for mental disease to meet direct service costs and, to the extent possible, improve the quality of care rendered to residents in the facilities.

(c) Notwithstanding subdivision (a), beginning July 1, 2017, in any year that the Mental Health Subaccount of the Local Revenue Fund does not receive full vehicle license fee growth funds from the General Growth Subaccount in the Vehicle License Fee Growth Account pursuant to Section 17604 and subdivisions (a) and (b) of Section 17606.20, the reimbursement rate for services in institutions for mental disease that are licensed and certified as skilled nursing facilities shall be the same as the rates in effect in the prior year.

SEC. 11. Section 10101.1 of the Welfare and Institutions Code, as amended by Section 5 of Chapter 37 of the Statutes of 2013, is repealed.

SEC. 12. Section 10101.1 of the Welfare and Institutions Code, as amended by Section 6 of Chapter 37 of the Statutes of 2013, is amended to read:

10101.1. (a) For the 1991–92 fiscal year and each fiscal year thereafter, the state's share of the costs of the county services block grant and the in-home supportive services administration requirements shall be 70 percent of the actual nonfederal expenditures or the amount appropriated by the Legislature for that purpose, whichever is less.

(b) Federal funds received under Title 20 of the federal Social Security Act (42 U.S.C. Sec. 1397 et seq.) and appropriated by the Legislature for the county services block grant and the in-home supportive services administration shall be considered part of the state share of cost and not part of the federal expenditures for this purpose.

(c) Notwithstanding subdivisions (a) and (b), commencing in the 2017–18 fiscal year and each fiscal year thereafter, each county's share of the nonfederal costs of the county services block grant and the in-home supportive services administration requirements shall be the County IHSS Maintenance of Effort pursuant to Section 12306.16.

SEC. 13. Section 12300.5 of the Welfare and Institutions Code is repealed.

SEC. 14. Section 12300.6 of the Welfare and Institutions Code is repealed.

SEC. 15. Section 12300.7 of the Welfare and Institutions Code is repealed.

SEC. 16. Section 12301.61 is added to the Welfare and Institutions Code, to read:

12301.61. (a) If a public authority or nonprofit consortium established pursuant to Section 12301.6, acting as the employer of record, fails to reach agreement on a bargaining contract with its in-home supportive services workers by January 1, 2018, either party may request mediation, pursuant to Section 3505.2 of the Government Code, which shall be mandatory. If the parties fail to agree on a mediator, the Public Employment Relations Board shall appoint one from the pool described in subdivision (c). The mediation shall be held no more than 15 business days from the date requested by either party.

(b) If the parties are unable to effect settlement through mediation as described in subdivision (a), the parties shall then submit their differences to factfinding, pursuant to Section 3505 and 3505.4 of the Government Code. Alternatively, if both parties agree, the parties may bypass the mediation process in subdivision (a) and move directly to factfinding.

(1) The factfinding panel shall make findings of fact and recommend terms of settlement, which shall be advisory only, within 30 days after the panel is appointed by the Public Employment Relations Board.

(2) Within 15 days after the factfinding panel has released its findings of fact and recommended settlement terms, either party may request post-factfinding mediation consistent with Section 3505.2 of the Government Code, which shall be mandatory. If the parties fail to agree on a mediator, the Public Employment Relations Board shall appoint one from the pool described in subdivision (c).

(3) If either party elects post-factfinding mediation, the findings of fact and recommended settlement terms, shall not be made public until the mediation has concluded.

(4) Mediation shall be held no more than 15 days from the date requested, and may include, at the mediator's discretion, the factfinding panel and representatives of both parties. The director, or his or her designee, shall be available to provide information and expertise, as necessary.

(c) The Public Employment Relations Board shall designate a pool of no more than five qualified individuals to serve as mediators or on a factfinding panel. The pool shall consist of individuals with relevant subject matter expertise. The board shall select individuals for the pool in consultation with the department and the affected employers and employee organizations. Priority shall be given to individuals with knowledge of the In-Home Supportive Services program. The board may designate the mediator to serve as the neutral member of the factfinding panel.

(d) The costs for the services of the factfinding panel and the mediator shall be equally divided between the employer and the employee organization, and shall include per diem fees, if any, and actual and necessary travel and subsistence expenses.

(e) By April 1, 2018, the department shall report to the fiscal committees of the Legislature on the status of all in-home supportive services bargaining contracts in each county.

(f) If no individual is available to serve as a mediator or factfinder within the timelines specified in this section, the timelines shall be extended until the next mediator or factfinder is available.

(g) This section shall remain in effect only until January 1, 2020, and as of that date is repealed.

SEC. 17. Section 12302.21 of the Welfare and Institutions Code, as amended by Section 33 of Chapter 439 of the Statutes of 2012, is repealed.

SEC. 18. Section 12302.25 of the Welfare and Institutions Code, as amended by Section 34 of Chapter 439 of the Statutes of 2012, is repealed.

SEC. 19. Section 12306 of the Welfare and Institutions Code, as amended by Section 8 of Chapter 37 of the Statutes of 2013, is repealed.

SEC. 20. Section 12306 of the Welfare and Institutions Code, as amended by Section 9 of Chapter 37 of the Statutes of 2013, is repealed.

SEC. 21. Section 12306 is added to the Welfare and Institutions Code, to read:

12306. (a) When enacted, 1991 Realignment Legislation implemented changes to the state and county cost-sharing ratios for services provided under this article. These provisions established the counties' share of costs for the nonfederal portion of these services at 35 percent, with the state responsible for the remaining 65 percent of these costs. This cost-sharing ratio was the basis for determining the counties' and the state's share of costs for these services in the 2017–18 fiscal year.

(b) Beginning in the 2017–18 fiscal year and each fiscal year thereafter, the state and counties shall share the annual cost of providing services under this article as specified in this section.

(c) The county share of cost of providing these services shall be the County IHSS Maintenance of Effort pursuant to Section 12306.16.

(d) (1) Except as provided in paragraph (2), the state shall pay to each county, from the General Fund and any federal funds received under Title XX of the federal Social Security Act available for that purpose, the difference between the actual total cost of providing services under this article that exceeds the county share as specified in subdivision (c).

(2) For services eligible for federal funding pursuant to Title XIX of the federal Social Security Act under the Medi-Cal program, the state shall pay to each county, from the General Fund and any funds available for that purpose the difference between the actual nonfederal cost of providing services under this article that exceeds the county share as specified in subdivision (c).

SEC. 22. Section 12306.1 of the Welfare and Institutions Code, as amended by Section 10 of Chapter 37 of the Statutes of 2013, is repealed.

SEC. 23. Section 12306.1 of the Welfare and Institutions Code, as amended by Section 11 of Chapter 37 of the Statutes of 2013, is repealed.

SEC. 24. Section 12306.1 is added to the Welfare and Institutions Code, to read:

12306.1. (a) When any increase in provider wages or benefits is locally negotiated, mediated, or imposed by a county, public authority, or nonprofit consortium, or any increase in provider wages or benefits is adopted by ordinance pursuant to Article 1 (commencing with Section 9100) of Chapter 2 of Division 9 of the Elections Code, then the county shall use county-only funds to fund both the county share and the state share, including employment taxes, of any increase in the cost of the program, unless otherwise provided for in the annual Budget Act or appropriated by statute. No increase in wages or benefits locally negotiated, mediated, imposed, or adopted by ordinance pursuant to this section shall take effect unless and until, prior to its implementation, the department has obtained the approval of the State Department of Health Care Services for the increase pursuant to a determination that it is consistent with federal law and to ensure federal financial participation for the services under Title XIX of the federal Social Security Act, and unless and until all of the following conditions have been met:

(1) Each county has provided the department with documentation of the approval of the county board of supervisors of the proposed public authority or nonprofit consortium rate, including wages and related expenditures. The documentation shall be received by the department before the department and the State Department of Health Care Services may approve the increase.

(2) Each county has met department guidelines and regulatory requirements as a condition of receiving state participation in the rate.

(b) Any rate approved pursuant to subdivision (a) shall take effect commencing on the first day of the month subsequent to the month in which final approval is received from the department. The department may grant approval on a conditional basis, subject to the availability of funding.

(c) The state shall pay 65 percent, and each county shall pay 35 percent, of the nonfederal share of wage and benefit increases pursuant to subdivision (a) and associated employment taxes, only in accordance with subdivision (d).

(d) (1) The state shall participate in a total of wages and individual health benefits up to twelve dollars and ten cents (\$12.10) per hour until the amount specified in paragraph (1) of subdivision (b) of Section 1182.12 of the Labor Code reaches twelve dollars (\$12.00) per hour at which point the state shall participate as provided in paragraph (2).

(2) For any increase in wages or individual health benefits locally negotiated, mediated, or imposed by a county, public authority, or nonprofit consortium, and approved by the department, or any increase in provider wages or benefits adopted by ordinance pursuant to Article 1 (commencing with Section 9100) of Chapter 2 of Division 9 of the Elections Code, the state shall participate as provided in subdivision (c) in a total of wages and individual health benefits up to one dollar and ten cents (\$1.10) per hour above the amount per hour specified for the corresponding year in paragraph (1) of subdivision (b) of, subdivision (c) of, and subdivision (d) of, Section 1182.12 of the Labor Code.

(3) (A) For a county that is at or above twelve dollars and ten cents (\$12.10) per hour in combined wages and individual health benefits, the state shall participate as provided in subdivision (c) in a cumulative total of up to 10 percent within a three-year period in the sum of the combined total of changes in wages or individual health benefits, or both.

(B) The state shall participate as provided in subparagraph (A) for no more than two three-year periods, after which point the county shall pay the entire nonfederal share of any future increases in wages and individual health benefits that exceed

the amount specified in paragraphs (1) and (2).

(C) A three-year period is defined as three consecutive years. A new three-year period can only begin after the last year of the previous three-year period.

(D) To be eligible for state participation, a 10-percent increase described in this paragraph is required to be commenced prior to the date that the minimum wage reaches the amount specified in subparagraph (F) of paragraph (1) of subdivision (b) of Section 1182.12 of the Labor Code.

(4) Paragraphs (2) and (3) do not apply to contracts executed, or to increases in wages or individual health benefits, locally negotiated, mediated, imposed, or adopted by ordinance, prior to July 1, 2017.

SEC. 25. Section 12306.15 of the Welfare and Institutions Code is amended to read:

12306.15. (a) Commencing July 1, 2012, all counties shall have a County IHSS Maintenance of Effort (MOE). In lieu of paying the nonfederal share of IHSS costs as specified in Sections 10101.1, 12306, and 12306.1, counties shall pay the County IHSS MOE.

(b) (1) The County IHSS MOE base year shall be the 2011–12 state fiscal year. The County IHSS MOE base shall be defined as the amount actually expended by each county on IHSS services and administration in the County IHSS MOE base year, as reported by each county to the department, except that for administration, the County IHSS MOE base shall include no more or no less than the full match for the county's allocation from the state.

(2) Administration expenditures shall include both county administration and public authority administration. The County IHSS MOE base shall be unique to each individual county.

(3) For a county that made 14 months of health benefit payments for IHSS providers in the 2011–12 fiscal year, the Department of Finance shall adjust that county's County IHSS MOE base calculation.

(4) The County IHSS MOE base for each county shall be no less than each county's 2011–12 expenditures for the Personal Care Services Program and IHSS used in the caseload growth calculation pursuant to Section 17605.

(c) (1) On July 1, 2014, the County IHSS MOE base shall be adjusted by an inflation factor of 3.5 percent.

(2) Beginning on July 1, 2015, and annually thereafter, the County IHSS MOE from the previous year shall be adjusted by an inflation factor of 3.5 percent.

(3) (A) Notwithstanding paragraphs (1) and (2), in fiscal years when the combined total of 1991 realignment revenues received pursuant to Sections 11001.5, 6051.2, and 6201.2 of the Revenue and Taxation Code, for the prior fiscal year is less than the combined total received for the next prior fiscal year, the inflation factor shall be zero.

(B) The Department of Finance shall provide notification to the appropriate legislative fiscal committees and the California State Association of Counties by May 14 of each year whether the inflation factor will apply for the following fiscal year, based on the calculation in subparagraph (A).

(d) In addition to the adjustment in subdivision (c), the County IHSS MOE shall be adjusted for the annualized cost of increases in provider wages or health benefits that are locally negotiated, mediated, or imposed before the Statewide Authority assumes the responsibilities set forth in Section 110011 of the Government Code for a given county as provided in Section 12300.7.

(1) (A) If the department approves the rates and other economic terms for a locally negotiated, mediated, or imposed increase in the provider wages, health benefits, or other economic terms pursuant to Section 12306.1 and paragraph (3), the state shall pay 65 percent, and the affected county shall pay 35 percent, of the nonfederal share of the cost increase in accordance with subparagraph (B).

(B) With respect to any increase in provider wages or health benefits approved after July 1, 2012, pursuant to subparagraph (A), the state shall participate in that increase as provided in subparagraph (A) up to the amount specified in subdivision (d) of Section 12306.1.

(C) The county share of these expenditures shall be included in the County IHSS MOE, in addition to the amount established under subdivisions (b) and (c). For any increase in provider wages or health benefits that becomes effective on a date other than July 1, the Department of Finance shall adjust the county's County IHSS MOE to reflect the annualized cost of the county's share of the nonfederal cost of the wage or health benefit increase.

(2) (A) If the department does not approve the rates and other economic terms for a locally negotiated, mediated, or imposed increase in the provider wages, health benefits, or other economic terms pursuant to Section 12306.1 or paragraph (3), the county shall pay the entire nonfederal share of the cost increase.

(B) The county share of these expenditures shall be included in the County IHSS MOE, in addition to the amount established under subdivisions (b) and (c). For any increase in provider wages or health benefits that becomes effective on a date other than July 1, the Department of Finance shall adjust the county's County IHSS MOE to reflect the annualized cost of the county's share of the nonfederal cost of the wage or health benefit increase.

(3) In addition to the rate approval requirements in Section 12306.1, it shall be presumed by the department that locally negotiated rates and other economic terms within the following limits are approved:

(A) A net increase in the combined total of wages and health benefits of up to 10 percent per year above the current combined total of wages and health benefits paid in that county.

(B) A cumulative total of up to 20 percent in the sum of the combined total of changes in wages or health benefits, or both, until the Statewide Authority assumes the responsibilities set forth in Section 110011 of the Government Code for a given county as provided in Section 12300.7.

(e) The County IHSS MOE shall only be adjusted pursuant to subdivisions (c) and (d).

(f) The Department of Finance shall consult with the California State Association of Counties to implement the County IHSS MOE, which shall include, but not be limited to, determining each county's County IHSS MOE base pursuant to subdivision (b), developing the computation for the annualized amount pursuant to subdivision (d), and the process by which it will be determined that each county has met its County IHSS MOE each year.

(g) This section shall remain in effect only until July 1, 2017, and as of that date is repealed.

SEC. 26. Section 12306.16 is added to the Welfare and Institutions Code, to read:

12306.16. (a) Commencing July 1, 2017, all counties shall have a County IHSS Maintenance of Effort (MOE).

(b) (1) (A) The statewide total County IHSS MOE base for the 2017–18 fiscal year shall be established at one billion seven hundred sixty-nine million four hundred forty-three thousand dollars (\$1,769,443,000). This amount reflects the estimated county share of IHSS program base costs calculated pursuant to Sections 10101.1 and 12306, as those sections read on June 1, 2017, and reflected in the department's 2017 May Revision local assistance subvention table for the 2017–18 fiscal year.

(B) If actual IHSS program base costs, as determined by the Department of Finance on or before May 14, 2018, attributable to the 2017–18 fiscal year are lower than the costs assumed in the 2017 May Revision local assistance subvention table, the statewide total County IHSS MOE base for the 2017–18 fiscal year shall be adjusted accordingly pursuant to Sections 10101.1 and 12306, as those sections read on June 1, 2017.

(2) The Department of Finance shall consult with the California State Association of Counties to determine each county's share of the statewide total County IHSS MOE base amount. The County IHSS MOE base shall be unique to each individual county.

(3) (A) Administration expenditures are included in the County IHSS MOE and shall include both county administration, including costs associated with the IHSS case management, information, and payrolling system, and public authority administration.

(B) The amount of General Fund moneys available for county administration and public authority administration is limited to the amount of General Fund moneys appropriated for those specific purposes in the annual Budget Act, and increases to this amount do not impact the County IHSS MOE.

(C) To be eligible to receive its share of General Fund moneys appropriated in a fiscal year for county administration and public authority administration costs, the county is only required to expend the full amount of its County IHSS MOE that is attributable to county and public authority administration for that fiscal year and no additional county share of cost shall be required. The department shall consult with the California State Association of Counties to determine the county-by-county distribution of the amount of General Fund moneys appropriated in the annual Budget Act for county administration and public authority administration.

(D) Amounts expended by a county or public authority on administration in excess of the amount described in subparagraphs (A) and (B) shall not be attributed towards the county meeting its County IHSS MOE requirement.

(E) As part of the preparation of the 2018–19 Governor's Budget, the department shall work with the California State Association of Counties, County Welfare Directors Association of California, and the Department of Finance to examine the workload and budget assumptions related to administration of the IHSS program for the 2017–18 and 2018–19 fiscal years.

(c) (1) On July 1, 2018, the County IHSS MOE base as specified in subdivision (b) shall be adjusted by an inflation factor of 5 percent.

(2) Beginning on July 1, 2019, and annually thereafter, the County IHSS MOE from the previous year shall be adjusted by an inflation factor of 7 percent.

(3) (A) Notwithstanding paragraphs (1) and (2), in fiscal years when the total of 1991 realignment revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code, for the prior fiscal year is less than the total received for the next prior fiscal year, the inflation factor shall be zero.

(B) Notwithstanding paragraphs (1) and (2), in fiscal years when the total of 1991 realignment revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code, for the prior fiscal year is equal to or up to 2 percent greater than the total received for the next prior fiscal year, the inflation factor shall be one-half of the amount specified in either paragraph (1) or (2).

(C) The Department of Finance shall provide notification to the appropriate fiscal committees of the Legislature and the California State Association of Counties by May 14 of each year of the inflation factor that will apply for the following fiscal year, based on the calculation in subparagraph (A) and (B).

(d) In addition to the adjustment in subdivision (c), the County IHSS MOE shall be adjusted for the annualized cost of increases in provider wages or health benefits that are locally negotiated, mediated, or imposed, on or after July 1, 2017, including any increases in provider wages or health benefits adopted by ordinance pursuant to Article 1 (commencing with Section 9100) of Chapter 2 of Division 9 of the Elections Code.

(1) (A) If the department approves an increase in provider wages or health benefits that are locally negotiated, mediated, imposed, or adopted by ordinance pursuant to Section 12306.1, the state shall pay 65 percent, and the affected county shall pay 35 percent, of the nonfederal share of the cost increase in accordance with subparagraph (B).

(B) With respect to any increase in provider wages or health benefits approved on or after July 1, 2017, pursuant to subparagraph (A), the state shall participate in that increase as provided in subparagraph (A) up to the amount specified in paragraphs (1), (2), and (3) of subdivision (d) of Section 12306.1. The county shall pay the entire nonfederal share of any cost increase exceeding the amount specified in paragraphs (1), (2), and (3) of subdivision (d) of Section 12306.1.

(C) With respect to an increase in benefits, other than individual health benefits, locally negotiated, mediated, or imposed by a county, public authority, or nonprofit consortium, or adopted by ordinance, the county's County IHSS MOE shall include a one-time adjustment equal to 35 percent of the nonfederal share of the increased benefit costs.

(D) The county share of increased expenditures pursuant to subparagraphs (A) to (C), inclusive, shall be included in the County IHSS MOE, in addition to the amount established under subdivisions (b) and (c). For any increase in provider wages or health benefits, or increase in other benefits pursuant to subparagraph (C), that becomes effective on a date other than July 1, the Department of Finance shall adjust the county's County IHSS MOE to reflect the annualized cost of the county's share of the nonfederal cost of the wage or health benefit increase. This adjustment shall be calculated based on the county's 2017–18 paid IHSS hours and the appropriate cost-sharing ratio as grown by the applicable number of inflation factors pursuant to subdivision (c) that have occurred up to and including the fiscal year in which the increase becomes effective.

(2) (A) If the department does not approve the increase in provider wages or health benefits, or increase in other benefits pursuant to subparagraph (C) of paragraph (1), that are locally negotiated, mediated, imposed, or adopted by ordinance pursuant to Section 12306.1 or paragraph (3), the county shall pay the entire nonfederal share of the cost increases.

(B) The county share of increased expenditures pursuant to subparagraph (A) shall be included in the County IHSS MOE, in addition to the amount established under subdivisions (b) and (c). For any increase in provider wages or health benefits that becomes effective on a date other than July 1, the Department of Finance shall adjust the county's County IHSS MOE to reflect the annualized cost of the county's share of the nonfederal cost of the wage or health benefit increase. This adjustment shall be calculated based on the county's 2017–18 paid IHSS hours and the appropriate county sharing ratio as grown by the appropriate number of applicable inflation factors pursuant to subdivision (c) that have occurred up to and including the fiscal year in which the increase becomes effective.

(3) In addition to the rate approval requirements specified in subdivisions (a) to (c), inclusive, of Section 12306.1, it shall be presumed by the department that rates and other economic terms that are locally negotiated, mediated, imposed, or adopted by ordinance are approved.

(4) (A) With respect to any rate increases to existing contracts that a county has already entered into pursuant to Section 12302, the state shall pay 65 percent, and the affected county shall pay 35 percent, of the nonfederal share of the amount of the rate increase up to the maximum amounts established pursuant to Sections 12302.1 and 12303. The county shall pay the entire nonfederal share of any portion of the rate increase exceeding the maximum amount established pursuant to Sections

12302.1 and 12303. This adjustment shall be calculated based on the county's 2017–18 paid IHSS contract hours, or the paid contract hours in the fiscal year in which the contract becomes effective if the contract becomes effective on or after July 1, 2017, using the appropriate cost-sharing ratio as grown by the applicable number of inflation factors pursuant to subdivision (c) that have occurred up to and including the fiscal year in which the increase becomes effective.

(B) With respect to rates for new contracts entered into by a county pursuant to Section 12302 on or after July 1, 2017, the state shall pay 65 percent, and the affected county shall pay 35 percent, of the nonfederal share of the difference between the locally negotiated, mediated, imposed, or adopted by ordinance, provider wage and the contract rate for all of the hours of service to IHSS recipients to be provided under the contract up to the maximum amounts established pursuant to Sections 12302.1 and 12303. The county shall pay the entire nonfederal share of any portion of the contract rate exceeding the maximum amount established pursuant to Sections 12302.1 and 12303. This adjustment shall be calculated based on the county's paid contract hours in the fiscal year in which the contract becomes effective using the appropriate cost-sharing ratio.

(C) The county share of these expenditures shall be included in the County IHSS MOE, in addition to the amounts established under subdivisions (b) and (c). For any rate increases for existing contracts or rates for new contracts, entered into by a county pursuant to Section 12302 on or after July 1, 2017, that become effective on a date other than July 1, the Department of Finance shall adjust the county's County IHSS MOE to reflect the annualized cost of the county's share of the nonfederal cost of the increase or rate for new contracts. This adjustment shall be calculated as follows:

(i) For a contract described in subparagraph (A), the first-year cost of the amount of the rate increase calculated using the pro rata share of the number of hours of service provided in the contract for the fiscal year in which the increase became effective.

(ii) For a contract described in subparagraph (B), the first-year cost of the difference between the locally negotiated, mediated, imposed, or adopted by ordinance, provider wage and the contract rate for all of the hours of service to IHSS recipients calculated using the pro rata share of the number of hours of service provided in the contract for the fiscal year in which the contract became effective.

(5) In the event the state ceases to receive enhanced federal financial participation for the provision of services pursuant to Section 1915(k) of the federal Social Security Act (42 U.S.C. Sec. 1396n(k)), the County IHSS MOE shall be adjusted one time to reflect a 35-percent share of the enhanced federal financial participation that would have been received pursuant to Section 1915(k) of the federal Social Security Act (42 U.S.C. Sec. 1396n(k)) for the fiscal year in which the state ceases to receive the enhanced federal financial participation.

(6) The County IHSS MOE shall not be adjusted for increases in provider wages that are locally negotiated when the increase has been specifically negotiated to be contingent upon state minimum wage increases.

(7) If a county negotiates a wage supplement that is applied to the type of wage increase specified in paragraph (6), the county's County IHSS MOE shall include a one-time adjustment by the amount of the increase, as specified in subparagraphs (A), (B), and (C) of paragraph (1).

(8) The Department of Finance shall consult with the California State Association of Counties to develop the computations for the annualized amounts pursuant to this subdivision.

(e) The County IHSS MOE shall only be adjusted pursuant to subdivisions (c) and (d).

(f) A county's County IHSS MOE costs paid to the state shall be reduced by the amount of any General Fund offset provided to the county pursuant to Section 12306.17.

SEC. 27. Section 12306.17 is added to the Welfare and Institutions Code, to read:

12306.17. (a) A portion of IHSS costs that are the counties' responsibility shall be offset using a combination of General Fund moneys appropriated in the annual Budget Act and redirected 1991 Realignment Vehicle License Fee growth revenues pursuant to subdivision (c) of Section 17606.20, as follows:

(1) (A) There is hereby appropriated three hundred sixty-three million nine hundred ninety-eight thousand dollars (\$363,998,000) from the General Fund for the 2017–18 fiscal year to offset a portion of IHSS costs incurred by counties. This amount reflects the difference between the combined estimated amounts of 2016–17 and 2017–18 Vehicle License Fee growth revenues that would have been deposited into the Family Support Subaccount of the Vehicle License Fee Account of the Local Revenue Fund pursuant to Section 17600.50 and four hundred million dollars (\$400,000,000).

(B) The amount of General Fund moneys appropriated in the 2017–18 fiscal year pursuant to subparagraph (A) shall be increased or decreased by the Department of Finance based on revised 2016–17 and 2017–18 Vehicle License Fee growth

revenue estimates included in the 2018–19 Governor's Budget and subsequent May Revision, such that the total offset equals four hundred million dollars (\$400,000,000).

(C) The amount of General Fund moneys appropriated in the 2017–18 fiscal year for the In-Home Supportive Services program pursuant to subparagraphs (A) and (B) shall be available for encumbrance or expenditure until June 30, 2018.

(2) For the 2018–19 fiscal year, the amount of the General Fund offset provided shall be the difference between the amount of 2018–19 Vehicle License Fee growth revenues that would have been deposited into the Family Support Subaccount of the Vehicle License Fee Account of the Local Revenue Fund pursuant to Section 17600.50 and three hundred thirty million dollars (\$330,000,000).

(3) For the 2019–20 fiscal year, the amount of the General Fund offset provided shall be the difference between the amount of 2019–20 Vehicle License Fee growth revenues that would have been deposited into the Family Support Subaccount of the Vehicle License Fee Account of the Local Revenue Fund pursuant to Section 17600.50 and two hundred million dollars (\$200,000,000).

(4) For the 2020–21 fiscal year, the amount of the General Fund offset provided shall be the difference between the amount of 2020–21 Vehicle License Fee growth revenues that would have been deposited into the Family Support Subaccount of the Vehicle License Fee Account of the Local Revenue Fund pursuant to Section 17600.50 and one hundred fifty million dollars (\$150,000,000).

(5) For the 2021–22 fiscal year and every fiscal year thereafter, the amount of the General Fund offset provided shall be one hundred fifty million dollars (\$150,000,000).

(b) The Department of Finance shall consult with the California State Association of Counties to determine the distribution of General Fund moneys available for offset of each county's IHSS costs in each fiscal year as specified in subdivision (a).

SEC. 28. Section 12306.18 is added to the Welfare and Institutions Code, to read:

12306.18. (a) Notwithstanding any other law, the Director of Finance may authorize a loan from the General Fund to any county in an amount not to exceed the net cost to the county resulting from the County's IHSS MOE pursuant to Sections 12306.16, 12306.17, and 17606.20.

(b) To be considered for a loan, the county shall submit a request, after approval by the county board of supervisors, to the Director of Finance that includes all of the following:

(1) Information that demonstrates that the county is experiencing significant financial hardship.

(2) The amount of funding requested.

(3) The duration of the loan, not to exceed three years.

(c) The Director of Finance shall respond to a request in writing within 45 days. If approved, the written notice shall include the repayment schedule as determined by the Director of Finance, in consultation with the county, and the interest rate, which shall not exceed the rate earned by the Pooled Money Investment Account at the time of the loan. The Director of Finance may waive interest charges at any time.

(d) The Director of Finance, in consultation with the county, shall provide a schedule to the Controller for the disbursement of the loan amount for each county that receives a loan under this section. The Controller shall pay the county per the schedule within 14 days of receipt.

(e) Loans shall be available in the 2017–18, 2018–19, and 2019–20 fiscal years. The sum of all loans approved during any fiscal year pursuant to this section shall not exceed twenty-five million dollars (\$25,000,000).

(f) The county shall submit loan installment payments to the Controller as specified in subdivision (c) and notify the Director of Finance when each payment is made.

SEC. 29. Section 17600.15 of the Welfare and Institutions Code is amended to read:

17600.15. (a) Of the sales tax proceeds from revenues collected in the 1991–92 fiscal year which are deposited to the credit of the Local Revenue Fund, 51.91 percent shall be credited to the Mental Health Subaccount, 36.17 percent shall be credited to the Social Services Subaccount, and 11.92 percent shall be credited to the Health Subaccount of the Sales Tax Account.

(b) For the 1992–93 fiscal year to the 2011–12 fiscal year, inclusive, of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make monthly deposits to the Mental Health Subaccount, the Social

Services Subaccount, and the Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' mental health accounts, social services accounts, and health accounts, respectively, of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account. Any excess sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code shall be deposited in the Sales Tax Growth Account of the Local Revenue Fund.

(c) (1) For the 2012–13 fiscal year, of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make monthly deposits to the Social Services Subaccount and the Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' social services accounts and health accounts, respectively, of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account.

(2) For the 2012–13 fiscal year, of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make monthly deposits to the Mental Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' CalWORKs Maintenance of Effort Subaccounts pursuant to subdivision (a) of Section 17601.25, and any additional amounts above the amount specified in subdivision (a) of Section 17601.25, of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account. The Controller shall not include in this calculation any funding deposited in the Mental Health Subaccount from the Support Services Growth Subaccount pursuant to Section 30027.9 of the Government Code or funds described in subdivision (c) of Section 17601.25.

(3) Any excess sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code after the allocations required by paragraphs (1) and (2) are made shall be deposited in the Sales Tax Growth Account of the Local Revenue Fund.

(d) (1) For the 2013–14 fiscal year, of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make monthly deposits pursuant to a schedule provided by the Department of Finance, which shall provide deposits to the Social Services Subaccount and the Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' social services accounts and health accounts, respectively, of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account.

(2) For the 2013–14 fiscal year, of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make monthly deposits to the Mental Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' CalWORKs Maintenance of Effort Subaccounts pursuant to subdivision (a) of Section 17601.25, and any additional amounts above the amount specified in subdivision (a) of Section 17601.25, of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account. The Controller shall not include in this calculation any funding deposited in the Mental Health Subaccount from the Support Services Growth Subaccount pursuant to Section 30027.9 of the Government Code or funds described in subdivision (c) of Section 17601.25.

(3) Any excess sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code after the allocations required by paragraphs (1) and (2) are made shall be deposited in the Sales Tax Growth Account of the Local Revenue Fund.

(4) On a monthly basis, pursuant to a schedule provided by the Department of Finance, the Controller shall transfer funds from the Social Services Subaccount to the Health Subaccount in an amount that shall not exceed three hundred million dollars (\$300,000,000) for the 2013–14 fiscal year. The funds so transferred shall not be used in calculating future year deposits to the Social Services Subaccount or the Health Subaccount.

(e) For the 2014–15 fiscal year through the 2016–17 fiscal year, except as specified in paragraph (5), of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make the following monthly deposits:

(1) To the Social Services Subaccount of the Sales Tax Account, until the deposits equal the total amount that was deposited to the Social Services Subaccount in the prior fiscal year pursuant to this section, in addition to the amounts that were allocated to the social services accounts of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Growth Account.

(2) To the Health Subaccount of the Sales Tax Account, until the deposits equal the total amount that was deposited to the Health Subaccount in the prior year from the Sales Tax Account in addition to the amounts that were allocated to the health accounts of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Growth Account.

(3) To the Child Poverty and Family Supplemental Support Subaccount until the deposits equal the amounts that were deposited in the prior fiscal year from the Sales Tax Account and the Sales Tax Growth Account.

(4) To the Mental Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' CalWORKs Maintenance of Effort Subaccounts pursuant to subdivision (a) of Section 17601.25, and any additional amounts above the amount specified in subdivision (a) of Section 17601.25 of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account. The Controller shall not include in this calculation any funding deposited in the Mental Health Subaccount from the Support Services Growth Subaccount pursuant to Section 30027.9 of the Government Code or funds described in subdivision (c) of Section 17601.25.

(5) (A) Any excess sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code after the allocations required by paragraphs (1) to (4), inclusive, are made shall be deposited in the Sales Tax Growth Account of the Local Revenue Fund. This subparagraph shall only apply to allocations made for the 2014–15 fiscal year.

(B) For the 2015–16 fiscal year and the 2016–17 fiscal year, any excess sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code after the allocations required by paragraphs (1) to (4), inclusive, and subdivision (h) are made shall be deposited in the Sales Tax Growth Account of the Local Revenue Fund.

(6) For the 2014–15 fiscal year, on a monthly basis, pursuant to a schedule provided by the Department of Finance, the Controller shall transfer funds from the Social Services Subaccount to the Health Subaccount in an amount that shall not exceed one billion dollars (\$1,000,000,000). The transfer schedule shall be based on the amounts that each county is receiving in vehicle license fees pursuant to this chapter. The funds so transferred shall not be used in calculating future year deposits to the Social Services Subaccount or the Health Subaccount.

(f) For the 2017–18 fiscal year and for every fiscal year thereafter, of the sales tax proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make the following monthly deposits pursuant to a schedule developed by the Department of Finance:

(1) To the Health Subaccount of the Sales Tax Account, until the deposits equal the total amount that was deposited to the Health Subaccount in the prior year from the Sales Tax Account in addition to the amounts that were allocated to the health accounts of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Growth Account.

(2) To the Mental Health Subaccount of the Sales Tax Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' CalWORKs Maintenance of Effort Subaccounts pursuant to subdivision (a) of Section 17601.25, and any additional amounts above the amount specified in subdivision (a) of Section 17601.25 of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Account and the Sales Tax Growth Account. The Controller shall not include in this calculation any funding deposited in the Mental Health Subaccount from the Support Services Growth Subaccount pursuant to Section 30027.9 of the Government Code or funds described in subdivision (c) of Section 17601.25.

(3) To the Social Services Subaccount of the Sales Tax Account, until the deposits equal the sum of the following:

(A) The total amount that was deposited to the Social Services Subaccount in the prior fiscal year pursuant to this section, in addition to the amounts that were allocated to the social services accounts of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Sales Tax Growth Account.

(B) The increased amount of the County IHSS MOE for the current fiscal year pursuant to Sections 12306.16 and 12306.17 as determined by July 1 of that fiscal year over the County IHSS MOE for the prior fiscal year subject to the determination made in subdivision (g).

(4) To the Child Poverty and Family Supplemental Support Subaccount until the deposits equal the amounts that were deposited in the prior fiscal year from the Sales Tax Account and the Sales Tax Growth Account.

(5) Any excess sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code after the allocations required by paragraphs (1) to (4), inclusive, and subdivision (h) are made shall be deposited in the Sales Tax Growth Account of the Local Revenue Fund.

(g) On or before January 10 and on or before May 14, the Department of Finance shall do all of the following:

(1) Estimate the amount of sales tax revenues to be received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code to be received in the current fiscal year compared to the total amount of sales tax revenues necessary to fully fund the current fiscal year bases of the County Medical Services Program Subaccount, as determined by paragraph (2) of

subdivision (h), and the Health Subaccount, the Mental Health Subaccount, the Social Services Subaccount, and the Child Poverty and Family Supplemental Support Subaccount of the Sales Tax Account as determined in paragraphs (1), (2), and (4) of, and subparagraph (A) of paragraph (3) of, subdivision (f).

(2) If it is determined pursuant to paragraph (1) that there will be sufficient sales tax revenues in the current fiscal year to fully fund the current fiscal year bases, then the schedule developed by the Department of Finance pursuant to subdivision (f) will fund on a monthly basis as much of the increased Social Services Subaccount base identified in subparagraph (B) of paragraph (3) of subdivision (f) as the excess sales tax revenues will permit.

(3) If it is determined pursuant to paragraph (1) that there will be insufficient sales tax revenues in the current fiscal year to fully fund the current fiscal year bases, then the schedule developed by the Department of Finance pursuant to subdivision (f) will not fund the increased Social Services Subaccount base identified in subparagraph (B) of paragraph (3) of subdivision (f), and shall ensure that the County Medical Program Services Subaccount, the Health Subaccount, the Mental Health Subaccount, the Social Services Subaccount, and the Child Poverty and Family Supplemental Support Subaccount of the Sales Tax Account shall receive sales tax revenues proportionate to their current year bases as determined by paragraph (2) of subdivision (h) and paragraphs (1), (2), and (4) of, and subparagraph (A) of paragraph (3) of, subdivision (f).

(4) In no fiscal year where there is sufficient sales tax revenues received pursuant to Sections 6051.2 and 6201.2 of the Revenue and Taxation Code to fully fund the bases of the County Medical Services Program Subaccount as determined by paragraph (2) of subdivision (h), and the Health Subaccount, the Mental Health Subaccount, the Social Services Subaccount, and the Child Poverty and Family Supplemental Support Subaccount, of the Sales Tax Account, as determined by paragraphs (1), (2), and (4) of, and subparagraph (A) of paragraph (3) of, subdivision (f), shall those subaccounts receive less than those amounts.

(5) Sales tax revenues allocated pursuant to this subdivision each fiscal year shall be adjusted by the Department of Finance, pursuant to a schedule provided to the Controller, in consultation with the California State Association of Counties, as needed but no later than August 30 of each year, to reflect the actual sales tax revenues received for that fiscal year.

(h) (1) For the 2015–16 fiscal year, the allocations to the County Medical Services Program Subaccount shall equal the amounts received in the prior fiscal year by the County Medical Services Program from the Sales Tax Account and the County Medical Services Program Subaccount of the Sales Tax Growth Account of the Local Revenue Fund, as adjusted by the calculations required under subdivision (a) of Section 17600.50.

(2) For the 2016–17 fiscal year and for every fiscal year thereafter, the allocations to the County Medical Services Program Subaccount shall equal the amounts received in the prior fiscal year by the County Medical Services Program Subaccount of the Sales Tax Account and the County Medical Services Program Growth Subaccount of the Sales Tax Growth Account of the Local Revenue Fund, as adjusted by the calculations required under subdivision (a) of Section 17600.50.

SEC. 30. Section 17600.50 of the Welfare and Institutions Code is amended to read:

17600.50. (a) A county that participated in the County Medical Services Program in the 2011–12 fiscal year, including the Counties of Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El Dorado, Glenn, Humboldt, Imperial, Inyo, Kings, Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Modoc, Mono, Napa, Nevada, Plumas, San Benito, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Tuolumne, and Yuba and the Governing Board of the County Medical Services Program, shall adopt resolutions by January 22, 2014, that confirm acceptance for the following approach to determining payments to the Family Support Subaccount:

(1) The amount of payments to the Family Support Subaccount shall be equal to 60 percent of the sum of the following:

(A) The 1991 health realignment funds that would have otherwise been allocated to the counties listed above pursuant to Section 17603 and the maintenance of effort in subdivision (a) of Section 17608.10 for these counties, as those sections read on January 1, 2012, Sections 17604 and 17606.20 as those sections read on August 1, 2017, and Section 17606.10 as it read on July 1, 2013.

(B) The 1991 health realignment funds that would have otherwise been allocated to the County Medical Services Program pursuant to Sections 17603 and 17605.07, as those sections read on January 1, 2012, and Sections 17604 and 17606.20 as those sections read on August 1, 2017.

(2) The payment computed in paragraph (1) shall be achieved through the following:

(A) Each county listed in subdivision (a) shall pay the amounts otherwise payable to the County Medical Services Program pursuant to subparagraph (B) of paragraph (2) of subdivision (j) of Section 16809 to the Family Support Subaccount.

(B) The County Medical Services Program shall pay the difference between the total computed in paragraph (1) and the amount calculated in subparagraph (A) from funds provided pursuant to the Welfare and Institutions Code.

(b) The Counties of Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare, and Yolo shall each tentatively inform the state by November 1, 2013, which of the following options it selects for determining its payments to the Family Support Subaccount. On or before January 22, 2014, the board of supervisors of each county and city and county may adopt a resolution informing the state of the county's or city and county's final selection of the option for determining its payments to the Family Support Subaccount:

(1) The formula detailed in Article 13 (commencing with Section 17613.1).

(2) (A) A calculation of 60 percent of the total of 1991 health realignment funds that would have otherwise been allocated to that county or city and county pursuant to Section 17603 as it read on January 1, 2012, Sections 17604 and 17606.20 as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, and 60 percent of the maintenance of effort in subdivision (a) of Section 17608.10, as it read on January 1, 2012.

(B) If a county's maintenance of effort in subdivision (a) of Section 17608.10 is greater than 14.6 percent of the total value of the county's 2010–11 allocation pursuant to Sections 17603, 17604, 17606.10, and 17606.20 and subdivision (a) of Section 17608.10, the value of the maintenance of effort used in the calculation in subparagraph (A) shall be limited to 14.6 percent.

(c) The Counties of Alameda, Contra Costa, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Francisco, San Joaquin, San Mateo, Santa Clara, and Ventura shall each tentatively inform the state by November 1, 2013, which of the following options it selects for determining its payments to the Family Support Subaccount. On or before January 22, 2014, the board of supervisors of each county and city and county may adopt a resolution informing the state of the county's or city and county's final selection of the option for determining its payments to the Family Support Subaccount:

(1) The formula detailed in Article 12 (commencing with Section 17612.1).

(2) (A) A calculation of 60 percent of the total of 1991 health realignment funds that would have otherwise been allocated to that county or city and county pursuant to Section 17603 as it read on January 1, 2012, Sections 17604 and 17606.20 as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, and 60 percent of the maintenance of effort in subdivision (a) of Section 17608.10, as it read on January 1, 2012.

(B) If a county's maintenance of effort in subdivision (a) of Section 17608.10 is greater than 25.9 percent of the total value of the county's 2010–11 fiscal year allocation pursuant to Sections 17603, 17604, 17606.10, and 17606.20, and subdivision (a) of Section 17608.10, the value of the maintenance of effort used in the calculation in subparagraph (A) shall be limited to 25.9 percent.

(d) (1) If the board of supervisors of a county or city and county fails to adopt a resolution pursuant to subdivision (b) or (c), as applicable, or fails to inform the Director of Health Care Services of the city and county or county's final selection, by January 22, 2014, the calculation shall be 62.5 percent of the total of 1991 health realignment funds that would have otherwise been allocated to that county or city and county pursuant to Sections 17603, 17604, and 17606.20, as those sections read on January 1, 2012, and Section 17606.10, as it read on July 1, 2013, and 62.5 percent of the maintenance of effort in subdivision (a) of Section 17608.10, as it read on January 1, 2012.

(2) If the County Medical Services Program governing board or the board of supervisors of a county that participates in the County Medical Services Program fails to adopt a resolution pursuant to subdivision (a), or fails to inform the Director of Health Care Services of the county's final selection, by January 22, 2014, then paragraphs (1) and (2) of subdivision (a) apply to the applicable counties and to the County Medical Services Program.

SEC. 31. Section 17600.70 is added to the Welfare and Institutions Code, to read:

17600.70. (a) As part of the development of the 2019-20 budget, the Department of Finance, in consultation with the California State Association of Counties and other affected parties, shall reexamine the funding structure within 1991 Realignment. Pursuant to subdivision (b), the Department of Finance shall report findings and recommendations regarding the In-Home Supportive Services Maintenance of Effort created in Section 12306.16 and other impacts on other 1991 Realignment programs, including, but not limited to, the following:

(1) The extent to which revenues available for 1991 Realignment are sufficient to meet program costs that were realigned.

(2) Whether the In-Home Supportive Services program and administrative costs are growing by a rate that is higher, lower, or approximately the same as the maintenance of effort, including the inflation factor.

(3) The fiscal and programmatic impacts of the In-Home Supportive Services Maintenance of Effort on the funding available for the Health Subaccount, the Mental Health Subaccount, the County Medical Services Program Subaccount, and other social services programs included in 1991 Realignment.

(4) The status of collective bargaining for the In-Home Supportive Services program in each county.

(b) Findings and recommendations shall be reported to the Legislature no later than January 10, 2019.

SEC. 32. Section 17604 of the Welfare and Institutions Code is amended to read:

17604. (a) All motor vehicle license fee revenues collected in the 1991–92 fiscal year that are deposited to the credit of the Local Revenue Fund shall be credited to the Vehicle License Fee Account of that fund.

(b) (1) For the 1992–93 fiscal year through the 2014–15 fiscal year, inclusive, from vehicle license fee proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make monthly deposits to the Vehicle License Fee Account of the Local Revenue Fund until the deposits equal the amounts that were allocated to counties, cities, and cities and counties in the prior fiscal year pursuant to this chapter from the Vehicle License Fee Account in the Local Revenue Fund and the Vehicle License Fee Account and the Vehicle License Fee Growth Account in the Local Revenue Fund.

(2) Any excess vehicle fee revenues deposited into the Local Revenue Fund pursuant to Section 11001.5 of the Revenue and Taxation Code shall be deposited in the Vehicle License Fee Growth Account of the Local Revenue Fund.

(3) The Controller shall calculate the difference between the total amount of vehicle license fee proceeds deposited to the credit of the Local Revenue Fund, pursuant to paragraph (1) of subdivision (a) of Section 11001.5 of the Revenue and Taxation Code, and deposited into the Vehicle License Fee Account for the period of July 16, 2009, to July 15, 2010, inclusive, and the amount deposited for the period of July 16, 2010, to July 15, 2011, inclusive.

(4) Of vehicle license fee proceeds deposited to the Vehicle License Fee Account after July 15, 2011, an amount equal to the difference calculated in paragraph (3) shall be deemed to have been deposited during the period of July 16, 2010, to July 15, 2011, inclusive, and allocated to cities, counties, and a city and county as if those proceeds had been received during the 2010–11 fiscal year.

(c) (1) On or before the 27th day of each month, the Controller shall allocate to each county, city, or city and county, the amounts deposited and remaining unexpended and unreserved on the 15th day of the month in the Vehicle License Fee Account of the Local Revenue Fund, in accordance with paragraphs (2) and (3).

(2) For the 1991–92 fiscal year, allocations shall be made in accordance with the following schedule:

Jurisdiction	Allocation Percentage
Alameda	4.5046
Alpine	0.0137
Amador	0.1512
Butte	0.8131
Calaveras	0.1367
Colusa	0.1195
Contra Costa	2.2386
Del Norte	0.1340
El Dorado	0.5228
Fresno	2.3531
Glenn	0.1391
Humboldt	0.8929
Imperial	0.8237
Inyo	0.1869
Kern	1.6362
Kings	0.4084

Lake	0.1752
Lassen	0.1525
Los Angeles	37.2606
Madera	0.3656
Marin	1.0785
Mariposa	0.0815
Mendocino	0.2586
Merced	0.4094
Modoc	0.0923
Mono	0.1342
Monterey	0.8975
Napa	0.4466
Nevada	0.2734
Orange	5.4304
Placer	0.2806
Plumas	0.1145
Riverside	2.7867
Sacramento	2.7497
San Benito	0.1701
San Bernardino	2.4709
San Diego	4.7771
San Francisco	7.1450
San Joaquin	1.0810
San Luis Obispo	0.4811
San Mateo	1.5937
Santa Barbara	0.9418
Santa Clara	3.6238
Santa Cruz	0.6714
Shasta	0.6732
Sierra	0.0340
Siskiyou	0.2246
Solano	0.9377
Sonoma	1.6687
Stanislaus	1.0509
Sutter	0.4460
Tehama	0.2986
Trinity	0.1388
Tulare	0.7485
Tuolumne	0.2357
Ventura	1.3658
Yolo	0.3522
Yuba	0.3076

Berkeley	0.0692
Long Beach	0.2918
Pasadena	0.1385

(3) For the 1992–93, 1993–94, and 1994–95 fiscal years and fiscal years thereafter, allocations shall be made in the same amounts as were distributed from the Vehicle License Fee Account and the Vehicle License Fee Growth Account in the prior fiscal year.

(4) For the 1995–96 fiscal year, allocations shall be made in the same amounts as distributed in the 1994–95 fiscal year from the Vehicle License Fee Account and the Vehicle License Fee Growth Account after adjusting the allocation amounts by the amounts specified for the following counties:

Alpine	\$(11,296)
Amador	25,417
Calaveras	49,892
Del Norte	39,537
Glenn	(12,238)
Lassen	17,886
Mariposa	(6,950)
Modoc	(29,182)
Mono	(6,950)
San Benito	20,710
Sierra	(39,537)
Trinity	(48,009)

(5) (A) For the 1996–97 fiscal year and fiscal years thereafter, allocations shall be made in the same amounts as were distributed from the Vehicle License Fee Account and the Vehicle License Fee Growth Account in the prior fiscal year.

(B) Initial proceeds deposited in the Vehicle License Fee Account in the 2003–04 fiscal year in the amount that would otherwise have been transferred pursuant to former Section 10754 of the Revenue and Taxation Code for the period June 20, 2003, to July 15, 2003, inclusive, shall be deemed to have been deposited during the period June 16, 2003, to July 15, 2003, inclusive, and allocated to cities, counties, and a city and county during the 2002–03 fiscal year.

(d) The Controller shall make monthly allocations from the amount deposited in the Vehicle License Collection Account of the Local Revenue Fund to each county in accordance with a schedule to be developed by the State Department of Health Care Services in consultation with the County Behavioral Health Directors Association of California, which is compatible with the intent of the Legislature expressed in the act adding this subdivision.

(e) For the 2013–14 and 2014–15 fiscal years, before making the monthly allocations in accordance with paragraph (5) of subdivision (c) and subdivision (d), and pursuant to a schedule provided by the Department of Finance, the Controller shall adjust the monthly distributions from the Vehicle License Fee Account to reflect an equal exchange of sales and use tax funds from the Social Services Subaccount to the Health Subaccount, as required by subdivisions (d) and (e) of Section 17600.15, and of Vehicle License Fee funds from the Health Account to the Social Services Account. Adjustments made to the Vehicle License Fee distributions pursuant to this subdivision shall not be used in calculating future year allocations to the Vehicle License Fee Account.

(f) For the 2015–16 fiscal year, of the vehicle license fee proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make the following monthly deposits:

(1) To the Social Services Subaccount of the Vehicle License Fee Account, until the deposits equal the total amount that was allocated to the social services accounts of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Vehicle License Fee Account.

(2) To the Health Subaccount of the Vehicle License Fee Account, until the deposits equal the total amount that was allocated to the health accounts of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Vehicle License Fee Account and the Vehicle License Fee Growth Account.

(3) To the County Medical Services Program Subaccount of the Vehicle License Fee Account, until the deposits equal the total amount that was allocated to the County Medical Services Program in the prior fiscal year pursuant to this chapter from the Vehicle License Fee Account and the Vehicle License Fee Growth Account.

(4) To the Child Poverty and Family Supplemental Support Subaccount until the deposits equal the amounts that were deposited in the prior fiscal year from the Vehicle License Fee Account and the Vehicle License Fee Growth Account.

(5) To the Mental Health Subaccount of the Vehicle License Fee Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' CalWORKs Maintenance of Effort Subaccounts pursuant to subdivision (a) of Section 17601.25, and any additional amounts above the amount specified in subdivision (a) of Section 17601.25 of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Vehicle License Fee Account and the Vehicle License Fee Growth Account. The Controller shall not include in this calculation any funding deposited in the Mental Health Subaccount from the Support Services Growth Subaccount pursuant to Section 30027.9 of the Government Code or funds described in subdivision (c) of Section 17601.25.

(6) Any excess vehicle license fee revenues received pursuant to Section 11001.5 of the Revenue and Taxation Code after the allocations required by paragraphs (1) to (5), inclusive, are made shall be deposited in the Vehicle License Fee Growth Account of the Local Revenue Fund.

(g) For the 2016–17 fiscal year and fiscal years thereafter, of the vehicle license fee proceeds from revenues deposited to the credit of the Local Revenue Fund, the Controller shall make the following monthly deposits:

(1) To the Social Services Subaccount until the deposits equal the amount that was deposited to the Social Services Subaccount in the prior fiscal year from the Vehicle License Fee Account and the Vehicle License Fee Growth Account.

(2) To the Health Subaccount until the deposits equal the total amounts that were deposited to the Health Subaccount in the prior fiscal year from the Vehicle License Fee Account and the Vehicle License Fee Growth Account.

(3) To the County Medical Services Program Subaccount until the deposits equal the total amounts that were deposited in the prior fiscal year to the County Medical Services Program Subaccount of the Vehicle License Fee Account and the County Medical Services Program Growth Subaccount of the Vehicle License Fee Growth Account.

(4) To the Child Poverty and Family Supplemental Support Subaccount until the deposits equal the amounts that were deposited to the Child Poverty and Family Supplemental Support Subaccount in the prior fiscal year from the Vehicle License Fee Account and the Vehicle License Fee Growth Account.

(5) To the Mental Health Subaccount of the Vehicle License Fee Account until the deposits equal the amounts that were allocated to counties', cities', and cities and counties' CalWORKs Maintenance of Effort Subaccounts pursuant to subdivision (a) of Section 17601.25, and any additional amounts above the amount specified in subdivision (a) of Section 17601.25 of the local health and welfare trust funds in the prior fiscal year pursuant to this chapter from the Vehicle License Fee Account and the Vehicle License Fee Growth Account. The Controller shall not include in this calculation any funding deposited in the Mental Health Subaccount from the Support Services Growth Subaccount pursuant to Section 30027.9 of the Government Code or funds described in subdivision (c) of Section 17601.25.

(6) Any excess vehicle license fee revenues received pursuant to Section 11001.5 of the Revenue and Taxation Code after the allocations required by paragraphs (1) to (5), inclusive, are made shall be deposited in the Vehicle License Fee Growth Account of the Local Revenue Fund.

SEC. 33. Section 17605 of the Welfare and Institutions Code is amended to read:

17605. (a) For the 1992–93 fiscal year, the Controller shall deposit into the Caseload Subaccount of the Sales Tax Growth Account of the Local Revenue Fund, from revenues deposited into the Sales Tax Growth Account, an amount to be determined by the Department of Finance, that represents the sum of the shortfalls between the actual realignment revenues received by each county and each city and county from the Social Services Subaccount of the Local Revenue Fund in the 1991–92 fiscal year and the net costs incurred by each of those counties and cities and counties in the fiscal year for the programs described in Sections 10101, 10101.1, 11322, 11322.2, and 12306, subdivisions (a), (b), (c), and (d) of Section 15200, and Sections 15204.2 and 18906.5. The Department of Finance shall provide the Controller with an allocation schedule on or before August 15, 1993, that shall be used by the Controller to allocate funds deposited to the Caseload Subaccount under this subdivision. The Controller shall allocate these funds no later than August 27, 1993.

(b) (1) (A) For the 1993–94 fiscal year and fiscal years thereafter, the Controller shall deposit into the Caseload Subaccount of the Sales Tax Growth Account of the Local Revenue Fund, from revenues deposited into the Sales Tax Growth Account, an amount determined by the Department of Finance, in consultation with the appropriate state departments and the California State Association of Counties, that is sufficient to fund the net cost for the realigned portion of the county or city and county share of

growth in social services caseloads, as specified in paragraph (2), and any share of growth from the previous year or years for which sufficient revenues were not available in the Caseload Subaccount. The Department of Finance shall provide the Controller with an allocations schedule on or before March 15 of each year. The schedule shall be used by the Controller to allocate funds deposited into the Caseload Subaccount under this subdivision.

(B) It is the intent of the Legislature that counties shall receive allocations from the Caseload Subaccount as soon as possible after funds are received in the Sales Tax Growth Account. The Department of Finance shall recommend to the Legislature, by January 10, 2005, a procedure to expedite the preparation and provision of the allocations schedule described in subparagraph (A) and the allocation of funds by the Controller.

(2) (A) For purposes of this subdivision, "growth" means the increase in the actual caseload expenditures for the prior fiscal year over the actual caseload expenditures for the fiscal year preceding the prior fiscal year for the programs described in Section 12306, subdivisions (a), (b), (c), and (d) of Section 15200, and Sections 10101, 15204.2 and 18906.5 of this code, and for which funds are allocated pursuant to subdivision (b) of Section 123940 of the Health and Safety Code.

(B) Commencing with the caseload growth calculation for the 2017–18 fiscal year and each fiscal year thereafter, in addition to subparagraph (A), "growth" shall also include the following:

(i) The additional County IHSS MOE costs to counties pursuant to Section 12306.16 for the current fiscal year over the County IHSS MOE costs to counties for the prior fiscal year, less the amount of sales tax revenues received pursuant to subdivision (g) of Section 17600.15 to fund the amount specified in subparagraph (B) of paragraph (3) of subdivision (f) of Section 17600.15.

(ii) Any additional County IHSS MOE costs to counties pursuant to Section 12306.16 for the prior fiscal year over the County IHSS MOE costs to counties for the preceding prior fiscal year that were not included in caseload growth calculation pursuant to clause (i).

(3) (A) For the 1993–94 fiscal year through the 2016–17 fiscal year, the difference in caseload expenditures between the fiscal years shall be multiplied by the factors that represent the change in county or city and county shares of the realigned programs. These products shall then be added or subtracted, taking into account whether the county's or city and county's share of costs was increased or decreased as a result of realignment, to yield each county's or city and county's allocation for caseload growth. Allocations for counties or cities and counties with allocations of less than zero shall be set at zero.

(B) Commencing with the 2017–18 fiscal year and each fiscal year thereafter, the difference in caseload expenditures between the fiscal years as determined by subparagraph (A) of paragraph (2) shall be multiplied by the factors that represent the change in county or city and county shares of the realignment programs. These products shall then be added or subtracted, taking into account whether the county's or city and county's share of costs was increased or decreased as a result of realignment, and added to the amounts determined pursuant to subparagraph (B) of paragraph (2) to yield each county's or city and county's allocation for caseload growth. Allocations for counties or cities and counties with allocations of less than zero shall be set at zero.

(c) Annually, the Controller shall allocate, to the local health and welfare trust fund social services account, the amounts deposited and remaining unexpended and unreserved in the Caseload Subaccount, pursuant to the schedules of allocations of caseload growth described in subdivision (b), within 45 days of receiving those schedules from the Department of Finance. If there are insufficient funds to fully satisfy all caseload growth obligations, each county's or city and county's allocation for each program specified in subdivision (d) shall be prorated.

(d) Prior to allocating funds pursuant to subdivision (b), to the extent that funds are available from funds deposited in the Caseload Subaccount in the Sales Tax Growth Account in the Local Revenue Fund, the Controller shall allocate moneys to counties or cities and counties to correct any inequity or inequities in the computation of the child welfare services portion of the schedule required by subdivision (a) of Section 17602.

(e) (1) For the 2003–04 fiscal year, no Sales Tax Growth Account funds shall be allocated pursuant to this chapter until the caseload portion of the base of each county's social services account in the county's health and welfare trust fund is funded to the level of the 2001–02 fiscal year. Funds to meet this requirement shall be allocated from the Sales Tax Account of the Local Revenue Fund. If sufficient funds are not available in the Sales Tax Account of the Local Revenue Fund to achieve that funding level in the 2003–04 fiscal year, this requirement shall be funded in each succeeding fiscal year in which there are sufficient funds in the Sales Tax Account of the Local Revenue Fund until the caseload base funding level for which each county would have otherwise been eligible in accordance with subdivision (e) of Section 17602 for that year.

(2) The caseload portion of each county's social services account base shall be determined by subtracting its noncaseload portion of the base, as determined by the Department of Finance in its annual calculation of General Growth Account allocations, from the total base of each county's social services account for the 2001–02 fiscal year.

SEC. 34. Section 17606.20 of the Welfare and Institutions Code is amended to read:

17606.20. (a) Annually, the Controller shall allocate money to each county, city, and city and county, from revenues deposited in the Vehicle License Fee Growth Account in the Local Revenue Fund in amounts that are proportional to each county's, city's, or city and county's total allocation from the Sales Tax Growth Account, except amounts provided pursuant to Section 17605.

(b) Notwithstanding subdivision (a), for the 1998–99 fiscal year and fiscal years thereafter, if, after meeting the requirements of Section 17605, there are no funds remaining in the Sales Tax Growth Account to allocate to each county, city, and city and county pursuant to paragraph (1) of subdivision (a) of, or paragraph (1) of subdivision (b) of, Section 17605.07, or Section 17605.10, the Controller shall allocate the revenues deposited in the Vehicle License Fee Growth Account to each county, city, and city and county, in the following manner:

(1) The Controller shall determine the amount of sales tax growth in the 1996–97 fiscal year which exceeded the requirements of Section 17605 in the 1996–97 fiscal year.

(2) The Controller shall determine the amount of sales tax growth allocated in the 1996–97 fiscal year to the County Medical Services Program Subaccount pursuant to paragraph (1) of subdivision (a) of Section 17605.07, and to the Indigent Health Equity, Community Health Equity, Mental Health Equity, State Hospital Mental Health Equity, General Growth, and Special Equity Subaccounts pursuant to Section 17605.10, as that section read on January 1, 2015.

(3) The Controller shall compute percentages by dividing the amounts determined in paragraph (2) by the amount determined in paragraph (1).

(4) For calculation purposes related to paragraph (5), the Controller shall apply the percentages determined in paragraph (3) to revenues in the Vehicle License Fee Growth Account to determine the amount of vehicle license fee growth revenues attributable to the County Medical Services Program Growth, Indigent Health Equity, Community Health Equity, Mental Health Equity, State Hospital Mental Health Equity, General Growth, and Special Equity Subaccounts. This paragraph shall not require the Controller to deposit vehicle license fee growth revenues into the subaccounts specified in this paragraph, and is solely for determining the distribution of vehicle license growth revenues to each county, city, and city and county.

(5) Annually, the Controller shall allocate money to each county, city, and city and county, from revenues deposited in the Vehicle License Fee Growth Account in the Local Revenue Fund. These allocations shall be determined based on schedules developed by the Department of Finance pursuant to Section 17606.10, in consultation with the California State Association of Counties. The Controller shall allocate these funds within 45 days of receiving the schedules from the Department of Finance.

(c) Notwithstanding subdivisions (a) and (b), for the 2016–17 fiscal year and through the 2020–21 fiscal year, the Controller shall allocate funds in the following amounts from the Vehicle License Fee Growth Account to the social services account of each county or city and county based on a schedule provided by the Department of Finance developed in consultation with the California Association of Counties:

(1) (A) For the 2016–17, 2017–18, and 2018–19 fiscal years, 100 percent of the funding from the Vehicle License Fee Growth Account that would have been allocated to the mental health account and health account of each county or city and county pursuant to calculations specified in subdivision (b) of this section or paragraphs (1) and (2) of subdivision (f) of Section 17606.10.

(B) For the 2016–17, 2017–18, and 2018–19 fiscal years, 100 percent of the funding from the Vehicle License Fee Growth Account that would have been allocated to the County Medical Services Program Growth Subaccount.

(2) (A) For the 2019–20 and 2020–21 fiscal years, 50 percent of the funding from the Vehicle License Fee Growth Account that would have been allocated to the mental health account and health account of each county or city and county pursuant to calculations specified in subdivision (b) of this section or paragraphs (1) and (2) of subdivision (f) of Section 17606.10.

(B) For the 2019–20 and 2020–21 fiscal years, 50 percent of the funding from the Vehicle License Fee Growth Account that would have been allocated to the County Medical Services Program Growth Subaccount.

(3) (A) The funding from the Vehicle License Fee Growth Account to be allocated to the social services account of each county or city and county pursuant to subparagraph (B) of paragraph (1) and subparagraph (B) of paragraph (2) in each fiscal year, shall only be available for allocation to the counties that participate in the County Medical Services Program in that fiscal year.

(B) If in any fiscal year in which the funds specified in subparagraph (A) are not fully allocated to the counties that participate in the County Medical Services Program, the remaining funds shall be available for allocation to counties that participate in the County Medical Services Program in the following fiscal year.

(4) The redirection of funds in the Vehicle License Fee Growth Account to the social services subaccount described in paragraphs (1) and (2) shall not apply to the amount of Vehicle License Fee growth available for deposit into the Health and Mental Health Subaccounts for the Cities of Berkeley, Pasadena, Tri-City, and Long Beach.

(5) The Controller shall allocate these funds within 14 days of receiving the schedules from the Department of Finance.

(d) For the 2017–18 fiscal year through the 2021–22 fiscal years, the State Controller shall annually post a calculation of the Vehicle License Fee growth revenue that the Health, Mental Health, and County Medical Services Program Subaccounts would have otherwise received if subdivision (c) were not in effect.

SEC. 35. Section 17612.1 of the Welfare and Institutions Code is amended to read:

17612.1. (a) For the 2013–14 fiscal year and each fiscal year thereafter, for each public hospital health system county that selected the option in paragraph (1) of subdivision (c) of Section 17600.50, the total amount that would be payable for the fiscal year from 1991 Health Realignment funds under Section 17603, as it read on January 1, 2012, Sections 17604 and 17606.20, as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, and deposited by the Controller into the local health and welfare trust fund health account of the county in the absence of this section shall be determined.

(b) The redirected amount determined for the public hospital health system county pursuant to Section 17612.3 shall be divided by the total determined in subdivision (a), except that, with respect to the County of Los Angeles, the redirected amount shall be determined by taking into account the adjustments required in Section 17612.5.

(c) The resulting fraction determined in subdivision (b) shall be the percentage of 1991 Health Realignment funds under Section 17603, as it read on January 1, 2012, Sections 17604 and 17606.20, as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, to be deposited each month into the Family Support Subaccount.

(d) The total amount deposited into the Family Support Subaccount under subdivision (c) with respect to a public hospital health system county for a fiscal year shall not exceed the redirected amount determined pursuant to Section 17612.3, and shall be subject to the appeal processes, and judicial review as described in subdivision (d) of Section 17612.3.

(e) The Legislature finds and declares that this article is not intended to change the local obligation pursuant to Section 17000.

SEC. 36. Section 17612.2 of the Welfare and Institutions Code is amended to read:

17612.2. For purposes of this article, the following definitions shall apply:

(a) “Adjusted patient day” means a county public hospital health system’s total number of patient census days, as defined by the Office of Statewide Health Planning and Development, multiplied by the following fraction: the numerator that is the sum of the county public hospital health system’s total gross revenue for all services provided to all patients, including nonhospital services, and the denominator that is the sum of the county public hospital health system’s gross inpatient revenue. The adjusted patient days shall pertain to those services that are provided by the county public hospital health system and shall exclude services that are provided by contract or out-of-network clinics or hospitals.

(b) “Base year” means the fiscal year ending three years prior to the fiscal year for which the redirected amount is calculated.

(c) “Blended CPI trend factor” means the blended percent change applicable for the fiscal year that is derived from the nonseasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U), United States City Average, for Hospital and Related Services, weighted at 75 percent, and for Medical Care Services, weighted at 25 percent, all as published by the United States Bureau of Labor Statistics, computed as follows:

(1) For each prior fiscal year within the period to be trended through the current fiscal year, the annual average of the monthly index amounts shall be determined separately for the Hospital and Related Services Index and the Medical Care Services Index.

(2) The year-to-year percentage changes in the annual averages determined in paragraph (1) for each of the Hospital and Related Services Index and the Medical Care Services Index shall be calculated.

(3) A weighted average annual percentage change for each year-to-year period shall be calculated from the determinations made in paragraph (2), with the percentage changes in the Hospital and Related Services Index weighted at 75 percent, and the percentage changes in the Medical Care Services Index weighted at 25 percent. The resulting average annual percentage changes shall be expressed as a fraction, and increased by 1.00.

(4) The product of the successive year-to-year amounts determined in paragraph (3) shall be the blended CPI trend factor.

(d) "Cost containment limit" means the public hospital health system county's Medi-Cal costs and uninsured costs determined for the 2014–15 fiscal year and each subsequent fiscal year, adjusted as follows:

(1) Notwithstanding paragraphs (2) to (4), inclusive, at the public hospital health system county's option it shall be deemed to comply with the cost containment limit if the county demonstrates that its total health care costs, including nursing facility, mental health, and substance use disorder services, that are not limited to Medi-Cal and uninsured patients, for the fiscal year did not exceed its total health care costs in the base year, multiplied by the blended CPI trend factor for the fiscal year. A county electing this option shall elect by November 1 following the end of the fiscal year, and submit its supporting reports for meeting this requirement, including the annual report of financial transactions required to be submitted to the Controller pursuant to Section 53891 of the Government Code.

(2) (A) The public hospital health system county's Medi-Cal costs, uninsured costs, and other entity intergovernmental transfer amounts for the fiscal year shall be added together. Medi-Cal costs, uninsured costs, and other entity intergovernmental transfer amounts for purposes of this paragraph are as defined in subdivisions (q), (t), and (y) for the relevant fiscal period.

(B) The public hospital health system county's Medi-Cal costs, uninsured costs, and imputed other entity intergovernmental transfer amounts for the base year shall be added together and multiplied by the blended CPI trend factor. The base year costs used shall not reflect any adjustments under this subdivision.

(C) The fiscal year amount determined in subparagraph (A) shall be compared to the trended amount in subparagraph (B). If the amount in subparagraph (B) exceeds the amount in subparagraph (A), the public hospital health system county shall be deemed to have satisfied the cost containment limit. If the amount in subparagraph (A) exceeds the amount in subparagraph (B), the calculation in paragraph (3) shall be performed.

(3) (A) If the number of adjusted patient days of service provided by the county public hospital health system for the fiscal year exceeds its number of adjusted patient days of service rendered in the base year by at least 10 percent, the excess adjusted patient days above the base year for the fiscal year shall be multiplied by the cost per adjusted patient day of the county public hospital health system for the base year. The result shall be added to the trended base year amount determined in subparagraph (B) of paragraph (2), yielding the applicable cost containment limit, subject to paragraph (4).

(B) If the number of adjusted patient days of service provided by a county's public hospital health system for the fiscal year does not exceed its number of adjusted patient days of service rendered in the base year by 10 percent, the applicable cost containment limit is the trended base year amount determined in subparagraph (B) of paragraph (2), subject to paragraph (4).

(4) If a public hospital health system county's costs, as determined in subparagraph (A) of paragraph (2), exceeds the amount determined in subparagraph (B) of paragraph (2) as adjusted by paragraph (3), the portion of the following cost increases incurred in providing services to Medi-Cal beneficiaries and uninsured patients shall be added to and reflected in any cost containment limit:

(A) Electronic health records and related implementation and infrastructure costs.

(B) Costs related to state or federally mandated activities, requirements, or benefit changes.

(C) Costs resulting from a court order or settlement.

(D) Costs incurred in response to seismic concerns, including costs necessary to meet facility seismic standards.

(E) Costs incurred as a result of a natural disaster or act of terrorism.

(5) If a public hospital health system county's costs, as determined in subparagraph (A) of paragraph (2), exceeds the amount determined in subparagraph (B) of paragraph (2) as adjusted by paragraphs (3) and (4), the county may request that the department consider other costs as adjustments to the cost containment limit, including, but not limited to, transfer amounts in excess of the imputed other entity intergovernmental transfer amount trended by the blended CPI trend factor, costs related to case mix index increases, pension costs, expanded medical education programs, increased costs in response to delivery system changes in the local community, and system expansions, including capital expenditures necessary to ensure access to and the quality of health care. Costs approved by the department shall be added to and reflected in any cost containment limit.

(e) "County indigent care health realignment amount" means the product of the health realignment amount times the health realignment indigent care percentage, as computed on a county-specific basis.

(f) "County public hospital health system" means a designated public hospital identified in paragraphs (6) to (20), inclusive, and paragraph (22) of subdivision (d) of Section 14166.1, and its affiliated governmental entity clinics, practices, and other health care providers that do not provide predominantly public health services. A county public hospital health system does not include a

health care service plan, as defined in subdivision (f) of Section 1345 of the Health and Safety Code. The Alameda Health System and County of Alameda shall be considered affiliated governmental entities.

(g) "Department" means the State Department of Health Care Services.

(h) "Health realignment amount" means the amount that, in the absence of this article, would be payable to a public hospital health system county under Section 17603 as it read on January 1, 2012, Sections 17604 and 17606.20, as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, for the fiscal year that is deposited by the Controller into the local health and welfare trust fund health account of the public hospital health system county.

(i) "Health realignment indigent care percentage" means the county-specific percentage determined in accordance with the following, and established in accordance with the procedures described in subdivision (c) of Section 17612.3.

(1) Each public hospital health system county shall identify the portion of that county's health realignment amount that was used to provide health services to the indigent, including Medi-Cal beneficiaries and the uninsured, for each of the historical fiscal years along with verifiable data in support thereof.

(2) The amounts identified in paragraph (1) shall be expressed as a percentage of the health realignment amount of that county for each historical fiscal year.

(3) The average of the percentages determined in paragraph (2) shall be the county's health realignment indigent care percentage.

(4) To the extent a county does not provide the information required in paragraph (1) or the department determines that the information provided is insufficient, the amount under this subdivision shall be 85 percent.

(j) "Historical fiscal years" means the state 2008–09 to 2011–12, inclusive, fiscal years.

(k) "Hospital fee direct grants" means the direct grants described in Section 14169.7 that are funded by the Private Hospital Quality Assurance Fee Act of 2011 (Article 5.229 (commencing with Section 14169.31) of Chapter 7 of Part 3), or direct grants made in support of health care expenditures funded by a successor statewide hospital fee program.

(l) "Imputed county low-income health amount" means the predetermined, county-specific amount of county general purpose funds assumed, for purposes of the calculation in Section 17612.3, to be available to the county public hospital health system for services to Medi-Cal and uninsured patients. County general purpose funds shall not include any other revenues, grants, or funds otherwise defined in this section. The imputed county low-income health amount shall be determined as follows and established in accordance with subdivision (c) of Section 17612.3.

(1) For each of the historical fiscal years, an amount determined to be the annual amount of county general fund contribution provided for health services to Medi-Cal beneficiaries and the uninsured, which does not include funds provided for nursing facility, mental health, and substance use disorder services, shall be determined through methodologies described in subdivision (ab).

(2) If a year-to-year percentage increase in the amount determined in paragraph (1) was present, an average annual percentage trend factor shall be determined.

(3) The annual amounts determined in paragraph (1) shall be averaged, and multiplied by the percentage trend factor, if applicable, determined in paragraph (2), for each fiscal year after the 2011–12 fiscal year through the applicable fiscal year. However, if the percentage trend factor determined in paragraph (2) is greater than the applicable percentage change for any year of the same period in the blended CPI trend factor, the percentage change in the blended CPI trend factor for that year shall be used. The resulting determination is the imputed county low-income health amount for purposes of Section 17612.3.

(m) "Imputed gains from other payers" means the predetermined, county-specific amount of revenues in excess of costs generated from all other payers for health services that is assumed to be available to the county public hospital health system for services to Medi-Cal and uninsured patients, which shall be determined as follows and established in accordance with subdivision (c) of Section 17612.3.

(1) For each of the historical fiscal years, the gains from other payers shall be determined in accordance with methodologies described in subdivision (ab).

(2) The amounts determined in paragraph (1) shall be averaged, yielding the imputed gains from other payers.

(n) "Imputed other entity intergovernmental transfer amount" means the predetermined average historical amount of the public hospital health system county's other entity intergovernmental transfer amount, determined as follows and established in accordance with subdivision (c) of Section 17612.3.

(1) For each of the historical fiscal years, the other entity intergovernmental transfer amount shall be determined based on the records of the public hospital health system county.

(2) The annual amounts in paragraph (1) shall be averaged.

(o) "Medicaid demonstration revenues" means payments paid or payable to the county public hospital health system for the fiscal year pursuant to the Special Terms and Conditions of the federal Medicaid demonstration project authorized under Section 1115 of the federal Social Security Act entitled the "Bridge to Health Care Reform" (waiver number 11-W-00193/9), for uninsured care services from the safety net care pool or as incentive payments from the delivery system reform improvement pool, or pursuant to mechanisms that provide funding for similar purposes under the subsequent demonstration project. Medicaid demonstration revenues do not include the nonfederal share provided by county public hospital health systems as certified public expenditures, and are reduced by any intergovernmental transfer by county public hospital health systems or affiliated governmental entities that is for the nonfederal share of Medicaid demonstration payments to the county public hospital health system or payments to a Medi-Cal managed care plan for services rendered by the county public hospital health system, and any related fees imposed by the state on those transfers; and by any reimbursement of costs, or payment of administrative or other processing fees imposed by the state relating to payments or other Medicaid demonstration program functions. Medicaid demonstration revenues shall not include safety net care pool revenues for nursing facility, mental health, and substance use disorder services, as determined from the pro rata share of eligible certified public expenditures for such services, or revenues that are otherwise included as Medi-Cal revenues.

(p) "Medi-Cal beneficiaries" means individuals eligible to receive benefits under Chapter 7 (commencing with Section 14000) of Part 3, except for: individuals who are dual eligibles, as defined in paragraph (4) of subdivision (c) of Section 14132.275, and individuals for whom Medi-Cal benefits are limited to cost sharing or premium assistance for Medicare or other insurance coverage as described in Section 1396d(a) of Title 42 of the United States Code.

(q) "Medi-Cal costs" means the costs incurred by the county public hospital health system for providing Medi-Cal services to Medi-Cal beneficiaries during the fiscal year, which shall be determined in a manner consistent with the cost claiming protocols developed for Medi-Cal cost-based reimbursement for public providers and under Section 14166.8, and, in consultation with each county, shall be based on other cost reporting and statistical data necessary for an accurate determination of actual costs as required in Section 17612.4. Medi-Cal costs shall include all fee-for-service and managed care hospital and nonhospital components, managed care out-of-network costs, and related administrative costs. The Medi-Cal costs determined under this paragraph shall exclude costs incurred for nursing facility, mental health, and substance use disorder services.

(r) "Medi-Cal revenues" means total amounts paid or payable to the county public hospital health system for medical services provided under the Medi-Cal State Plan that are rendered to Medi-Cal beneficiaries during the state fiscal year, and shall include payments from Medi-Cal managed care plans for services rendered to Medi-Cal managed care plan members, Medi-Cal copayments received from Medi-Cal beneficiaries, but only to the extent actually received, supplemental payments for Medi-Cal services, and Medi-Cal disproportionate share hospital payments for the state fiscal year, but shall exclude Medi-Cal revenues paid or payable for nursing facility, mental health, and substance use disorder services. Medi-Cal revenues do not include the nonfederal share provided by county public hospital health systems as certified public expenditures. Medi-Cal revenues shall be reduced by all of the following:

(1) Intergovernmental transfers by the county public hospital health system or its affiliated governmental entities that are for the nonfederal share of Medi-Cal payments to the county public hospital health system, or Medi-Cal payments to a Medi-Cal managed care plan for services rendered by the county public hospital health system for the fiscal year.

(2) Related fees imposed by the state on the transfers specified in paragraph (1).

(3) Administrative or other fees, payments, or transfers imposed by the state, or voluntarily provided by the county public hospital health systems or affiliated governmental entities, relating to payments or other Medi-Cal program functions for the fiscal year.

(s) "Newly eligible beneficiaries" means individuals who meet the eligibility requirements in Section 1902(a)(10)(A)(I)(VIII) of Title XIX of the federal Social Security Act (42 U.S.C. Sec. 1396a(a)(10)(A)(I)(VIII)), and who meet the conditions described in Section 1905(y) of the federal Social Security Act (42 U.S.C. Sec. 1396d(y)) such that expenditures for services provided to the individual are eligible for the enhanced federal medical assistance percentage described in that section.

(t) "Other entity intergovernmental transfer amount" means the amount of intergovernmental transfers by a county public hospital health system or affiliated governmental entities, and accepted by the department, that are for the nonfederal share of Medi-Cal payments or Medicaid demonstration payments for the fiscal year to any Medi-Cal provider other than the county public hospital health system, or to a Medi-Cal managed care plan for services rendered by those other providers, and any related fees imposed by the state on those transfers.

(u) "Public hospital health system county" means a county in which a county public hospital health system is located.

(v) "Redirected amount" means the amount to be redirected in accordance with Section 17612.1, as calculated pursuant to subdivision (a) of Section 17612.3.

(w) "Special local health funds" means the amount of the following county funds received by the county public hospital health system for health services during the fiscal year:

(1) Assessments and fees restricted for health-related purposes. The amount of the assessment or fee for this purpose shall be the greater of subparagraph (A) or (B). If, because of restrictions and limitations applicable to the assessment or fee, the county public hospital health system cannot expend this amount, this amount shall be reduced to the amount actually expended.

(A) The amount of the assessment or fee expended by the county public hospital health system for the provision of health services to Medi-Cal and uninsured beneficiaries during the fiscal year.

(B) The amount of the assessment or fee multiplied by the average of the percentages of the amount of assessment or fees that were allocated to and expended by the county public hospital health system for health services to Medi-Cal and uninsured beneficiaries during the historical fiscal years. The percentages for the historical fiscal years shall be determined by dividing the amount allocated in each fiscal year as described in subparagraphs (B) and (C) of paragraph (2) of subdivision (ab) by the actual amount of assessment or fee expended in the fiscal year.

(2) Funds available pursuant to the Master Settlement Agreement and related documents entered into on November 23, 1998, by the state and leading United States tobacco product manufacturers during a fiscal year. The amount of the tobacco settlement funds that may be used for this purpose shall be the greater of subparagraph (A) or (B), less any bond payments and other costs of securitization related to the funds described in this paragraph.

(A) The amount of the funds expended by the county public hospital health system for the provision of health services to Medi-Cal and uninsured beneficiaries during the fiscal year.

(B) The amount of the tobacco settlement funds multiplied by the average of the percentages of the amount of tobacco settlement funds that were allocated to and expended by the county public hospital health system for health services to Medi-Cal and uninsured beneficiaries during the historical fiscal years. The percentages for the historical fiscal years shall be determined by dividing the amount allocated in each fiscal year as described in subparagraphs (B) and (C) of paragraph (2) of subdivision (ab) by the actual amount of tobacco settlement funds expended in the fiscal year.

(x) "Subsequent demonstration project" means the federally approved Medicaid demonstration project implemented after the termination of the federal Medicaid demonstration project authorized under Section 1115 of the federal Social Security Act entitled the "Bridge to Health Care Reform" (waiver number 11-W-00193/9), the extension of that demonstration project, or the material amendment to that demonstration project.

(y) "Uninsured costs" means the costs incurred by the public hospital health system county and its affiliated government entities for purchasing, providing, or ensuring the availability of services to uninsured patients during the fiscal year. Uninsured costs shall be determined in a manner consistent with the cost claiming protocols developed for the federal Medicaid demonstration project authorized under Section 1115 of the federal Social Security Act entitled the "Bridge to Health Care Reform" (waiver number 11-W-00193/9), including protocols pending federal approval, and under Section 14166.8, and, in consultation with each county, shall be based on any other cost reporting and statistical data necessary for an accurate determination of actual costs incurred. For this purpose, no reduction factor applicable to otherwise allowable costs under the demonstration project or the subsequent demonstration project shall apply. Uninsured costs shall exclude costs for nursing facility, mental health, and substance use disorder services.

(z) "Uninsured patients" means individuals who have no source of third-party coverage for the specific service furnished, as further defined in the reporting requirements established pursuant to Section 17612.4.

(aa) "Uninsured revenues" means self-pay payments made by or on behalf of uninsured patients to the county public hospital health system for the services rendered in the fiscal year, but shall exclude revenues received for nursing facility, mental health, and substance use disorder services. Uninsured revenues do not include the health realignment amount or imputed county low-income health amount and shall not include any other revenues, grants, or funds otherwise defined in this section.

(ab) "Historical allocation" means the allocation for the amounts in the historical years described in subdivisions (l), (m), and (w) for health services to Medi-Cal beneficiaries and uninsured patients. The allocation of those amounts in the historical years shall be done in accordance with a process to be developed by the department, in consultation with the counties, which includes the following required parameters:

(1) For each of the historical fiscal years, the Medi-Cal costs, uninsured costs, and costs of other entity intergovernmental transfer amounts, as defined in subdivisions (q), (t), and (y), and the Medicaid demonstration, Medi-Cal and uninsured revenues, and hospital fee direct grants with respect to the services as defined in subdivisions (k), (o), (r), and (aa), shall be determined. For these purposes, Medicaid demonstration revenues shall include applicable payments as described in subdivision (o) paid or payable to the county public hospital health system under the prior demonstration project defined in subdivision (c) of Section 14166.1, under the Low Income Health Program (Part 3.6 (commencing with Section 15909)), and under the Health Care Coverage Initiative (Part 3.5 (commencing with Section 15900)), none of which shall include the nonfederal share of the Medicaid demonstration payments. The revenues shall be subtracted from the costs, yielding the initial low-income shortfall for each of the historical fiscal years.

(2) The following shall be applied in sequential order against, but shall not exceed in the aggregate, the initial low-income shortfall determined in paragraph (1) for each of the historical fiscal years:

(A) First, the county indigent care health realignment amount shall be applied 100 percent against the initial low-income shortfall.

(B) Second, special local health funds specifically restricted for indigent care shall be applied 100 percent against the initial low-income shortfall.

(C) Third, the sum of clauses (iv), (v), and (vi). Clause (iv) is the special local health funds, as defined in subdivision (w) and not otherwise identified as restricted special local health funds under subparagraph (B), clause (v) is the imputed county low-income health amount defined in subdivision (l), and clause (vi) is the one-time and carry-forward revenues as defined in subdivision (aj), all allocated to the historical low-income shortfall. These amounts shall be calculated as follows:

(i) Determine the sum of the special local health funds, as defined in subdivision (w) and not otherwise identified as restricted special local health funds under subparagraph (B), the imputed county low-income health amount defined in subdivision (l), and one-time and carry-forward revenues as defined in subdivision (aj).

(ii) Divide the historical total shortfall defined in subdivision (ah) by the sum in clause (i) to get the historical usage of funds percentage defined in subdivision (ai). If this calculation produces a percentage above 100 percent in a given historical fiscal year, then the historical usage of funds percentage in that historical fiscal year shall be deemed to be 100 percent.

(iii) Multiply the historical usage of funds percentage defined in subdivision (ai) and calculated in clause (ii) by each of the following funds:

(I) Special local health funds, as defined in subdivision (w) and not otherwise identified as restricted special local health funds under subparagraph (B).

(II) The imputed county low-income health amount defined in subdivision (l).

(III) One-time and carry-forward revenues as defined in subdivision (aj).

(iv) Multiply the product of subclause (I) of clause (iii) by the historical low-income shortfall percentage defined in subdivision (af) to determine the amount of special local health funds, as defined in subdivision (w) and not otherwise identified as restricted special local health funds under subparagraph (B), allocated to the historical low-income shortfall.

(v) Multiply the product of subclause (II) of clause (iii) by the historical low-income shortfall percentage defined in subdivision (af) to determine the amount of the imputed county low-income health amount defined in subdivision (l) allocated to the historical low-income shortfall.

(vi) Multiply the product of subclause (III) of clause (iii) by the historical low-income shortfall percentage defined in subdivision (af) to determine the amount of one-time and carry-forward revenues as defined in subdivision (aj) allocated to the historical low-income shortfall.

(D) Finally, to the extent that the process above does not result in completely allocating revenues up to the amount necessary to address the initial low-income shortfall in the historical years, gains from other payers shall be allocated to fund those costs only to the extent that such other payer gains exist.

(ac) "Gains from other payers" means the county-specific amount of revenues in excess of costs generated from all other payers for health services. For purposes of this subdivision, patients with other payer coverage are patients who are identified in all other financial classes, including, but not limited to, commercial coverage and dual eligible, other than allowable costs and associated revenues for Medi-Cal and the uninsured.

(ad) "New mandatory other entity intergovernmental transfer amounts" means other entity intergovernmental transfer amounts required by the state after July 1, 2013.

(ae) "Historical low-income shortfall" means, for each of the historical fiscal years described in subdivision (j), the initial low-income shortfall for Medi-Cal and uninsured costs determined in paragraph (1) of subdivision (ab), less amounts identified in subparagraphs (A) and (B) of paragraph (2) of subdivision (ab).

(af) "Historical low-income shortfall percentage" means, for each of the historical fiscal years described in subdivision (j), the historical low-income shortfall described in subdivision (ae) divided by the historical total shortfall described in subdivision (ah).

(ag) "Historical other shortfall" means, for each of the historical fiscal years described in subdivision (j), the shortfall for all other types of costs incurred by the public hospital health system that are not Medi-Cal or uninsured costs, and is determined as total costs less total revenues, excluding any costs and revenue amounts used in the calculation of the historical low-income shortfall, and also excluding those costs and revenues related to mental health and substance use disorder services. If the amount of historical other shortfall in a given historical fiscal year is less than zero, then the historical other shortfall for that historical fiscal year shall be deemed to be zero.

(ah) "Historical total shortfall" means, for each of the historical fiscal years described in subdivision (j), the sum of the historical low-income shortfall described in subdivision (ae) and the historical other shortfall described in subdivision (ag).

(ai) "Historical usage of funds percentage" means, for each of the historical fiscal years described in subdivision (j), the historical total shortfall described in subdivision (ah) divided by the sum of special local health funds as defined in subdivision (w) and not otherwise identified as restricted special local health funds under subparagraph (B) of paragraph (2) of subdivision (ab), the imputed county low-income health amount defined in subdivision (l), and one-time and carry-forward revenues as defined in subdivision (aj). If this calculation produces a percentage above 100 percent in a given historical fiscal year, then the historical usage of funds percentage in that historical fiscal year shall be deemed to be 100 percent.

(aj) "One-time and carry-forward revenues" mean, for each of the historical fiscal years described in subdivision (j), revenues and funds that are not attributable to services provided or obligations in the applicable historical fiscal year, but were available and utilized during the applicable historical fiscal year by the public hospital health system.

SEC. 37. Section 17613.1 of the Welfare and Institutions Code is amended to read:

17613.1. (a) For the 2013–14 fiscal year and each fiscal year thereafter, for each county, the total amount that would be payable for the fiscal year from 1991 Health Realignment funds under Section 17603, as it read on January 1, 2012, Sections 17604 and 17606.20, as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, and deposited by the Controller into the local health and welfare trust fund health account of the county in the absence of this section, shall be determined.

(b) The redirected amount determined for the county pursuant to Section 17613.3 shall be divided by the total determined in subdivision (a).

(c) The resulting fraction determined in subdivision (b) shall be the percentage of 1991 Health Realignment funds under Section 17603, as it read on January 1, 2012, Sections 17604 and 17606.20, as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, to be deposited each month into the Family Support Subaccount.

(d) The total amount deposited pursuant to subdivision (c) with respect to a county for a fiscal year shall not exceed the redirected amount determined pursuant to Section 17613.3, and shall be subject to the appeal processes, and judicial review as described in subdivision (d) of Section 17613.3.

(e) The Legislature finds and declares that this article is not intended to change the local obligation pursuant to Section 17000.

SEC. 38. Section 17613.2 of the Welfare and Institutions Code is amended to read:

17613.2. For purposes of this article, the following definitions apply:

(a) "Base year" means the fiscal year ending three years prior to the fiscal year for which the redirected amount is calculated.

(b) "Blended CPI trend factor" means the blended percent change applicable for the fiscal year that is derived from the nonseasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U), United States City Average, for Hospital and Related Services, weighted at 75 percent, and for Medical Care Services, weighted at 25 percent, all as published by the United States Bureau of Labor Statistics, computed as follows:

(1) For each prior fiscal year within the period to be trended through the state fiscal year, the annual average of the monthly index amounts shall be determined separately for the Hospital and Related Services Index and the Medical Care Services Index.

(2) The year-to-year percentage changes in the annual averages determined in paragraph (1) for each of the Hospital and Related Services Index and the Medical Care Services Index shall be determined.

(3) A weighted average annual percentage change for each year-to-year period shall be calculated from the determinations made in paragraph (2), with the percentage changes in the Hospital and Related Services Index weighted at 75 percent, and the percentage changes in the Medical Care Services Index weighted at 25 percent. The resulting average annual percentage changes shall be expressed as a fraction, and increased by 1.00.

(4) The product of the successive year-to-year amounts determined in paragraph (3) shall be the blended CPI trend factor.

(c) "Calculated cost per person" is determined by dividing county indigent program costs by the number of indigent program individuals for the applicable fiscal year. If a county expands eligibility, the enrollment count is limited to those indigent program individuals who would have been eligible for services under the eligibility requirements in existence on July 1, 2013, except if approved as an exception allowed pursuant to paragraph (3) of subdivision (d).

(d) "Cost containment limit" means the county's indigent program costs determined for the 2014–15 fiscal year and each subsequent fiscal year, to be adjusted as follows:

(1) (A) The county's indigent program costs for the state fiscal year shall be determined as indigent program costs for purposes of this paragraph for the relevant fiscal period.

(B) The county's calculated costs per person for the base year will be multiplied by the blended CPI trend factor and then multiplied by the county's fiscal year indigent program individuals. The base year costs used shall not reflect any adjustments under this subdivision.

(C) The fiscal year amount determined in subparagraph (A) shall be compared to the trended amount in subparagraph (B). If the amount in subparagraph (B) exceeds the amount in subparagraph (A), the county will be deemed to have satisfied the cost containment limit. If the amount in subparagraph (A) exceeds the amount in subparagraph (B), the calculation in paragraph (2) shall be performed.

(2) If a county's costs as determined in subparagraph (A) of paragraph (1) exceeds the amount determined in subparagraph (B) of paragraph (1), the following costs, as allocated to the county's indigent care program, shall be added to the cost and reflected in any containment limit:

(A) Costs related to state or federally mandated activities, requirements, or benefit changes.

(B) Costs resulting from a court order or settlement.

(C) Costs incurred as a result of a natural disaster or act of terrorism.

(3) If a county's costs as determined in subparagraph (A) of paragraph (1) exceed the amount determined in subparagraph (B) of paragraph (1), as adjusted by paragraph (2), the county may request that the department consider other costs as adjustments to the cost containment limit. These costs would require departmental approval.

(e) "County" for purposes of this article means the following counties: Fresno, Merced, Orange, Placer, Sacramento, San Diego, San Luis Obispo, Santa Barbara, Santa Cruz, Stanislaus, Tulare, and Yolo.

(f) "County indigent care health realignment amount" means the product of the health realignment amount times the health realignment indigent care percentage, as computed on a county-specific basis.

(g) "County savings determination process" means the process for determining the amount to be redirected in accordance with Section 17613.1, as calculated pursuant to subdivision (a) of Section 17613.3.

(h) "Department" means the State Department of Health Care Services.

(i) "Health realignment amount" means the amount that, in the absence of this article, would be payable to a county under Section 17603, as it read on January 1, 2012, Sections 17604 and 17606.20, as those sections read on August 1, 2017, and Section 17606.10, as it read on July 1, 2013, for the fiscal year that is deposited by the Controller into the local health and welfare trust fund health account of the county.

(j) "Health realignment indigent care percentage" means the county-specific percentage determined in accordance with the following, and established in accordance with the procedures described in subdivision (c) of Section 17613.3:

(1) Each county shall identify the portion of that county's health realignment amount that was used to provide health services to the indigent, including the indigent program individuals, for each of the historical fiscal years, along with verifiable data in support thereof.

(2) The amounts identified in paragraph (1) shall be expressed as a percentage of the health realignment amount of that county for each fiscal year of the historical fiscal years.

(3) The average of the percentages determined in paragraph (2) shall be the county's health realignment indigent care percentage.

(4) To the extent a county does not provide the information required in paragraph (1) or the department determines that the information required is insufficient, the amount under this subdivision shall be considered to be 85 percent.

(k) All references to "health services" or "health care services," unless specified otherwise, shall exclude mental health and substance use disorder services.

(l) "Historical fiscal years" means the fiscal years 2008–09 to 2011–12, inclusive.

(m) "Imputed county low-income health amount" means the predetermined, county-specific amount of county general purpose funds assumed, for purposes of the calculation in Section 17613.3, to be available to the county for services to indigent program individuals. The imputed county low-income health amount shall be determined as set forth below and established in accordance with subdivision (c) of Section 17613.3.

(1) For each of the historical fiscal years, an amount shall be determined as the annual amount of county general fund contribution provided for health services to the indigent, which does not include funds provided for mental health and substance use disorder services, through a methodology to be developed by the department, in consultation with the California State Association of Counties.

(2) If a year-to-year percentage increase in the amount determined in paragraph (1) was present, an average annual percentage trend factor shall be determined.

(3) The annual amounts determined in paragraph (1) shall be averaged and multiplied by the percentage trend factor, if applicable, determined in paragraph (2), for each fiscal year after the 2011–12 fiscal year through the applicable fiscal year. Notwithstanding the foregoing, if the percentage trend factor determined in paragraph (2) is greater than the applicable percentage change for any year of the same period in the blended CPI trend factor, the percentage change in the blended CPI trend factor for that year shall be used. The resulting determination is the imputed county low-income health amount for purposes of Section 17613.3.

(n) "Indigent program costs" means the costs incurred by the county for purchasing, providing, or ensuring the availability of services to indigent program individuals during the fiscal year. The costs for mental health and substance use disorder services shall not be included in these costs.

(o) "Indigent program individuals" means all individuals enrolled in a county indigent health care program at any point throughout the fiscal year. If a county does not enroll individuals into an indigent health care program, indigent program individuals shall mean all individuals who used services offered through the county indigent health care program in the fiscal year.

(p) "Indigent program revenues" means self-pay payments made by or on behalf of indigent program individuals to the county for the services rendered in the fiscal year, but shall exclude revenues received for mental health and substance use disorder services.

(q) "Redirected amount" means the amount to be redirected in accordance with Section 17613.1, as calculated pursuant to subdivision (a) of Section 17613.3.

(r) "Special local health funds" means the amount of the following county funds received by the county for health services to indigent program individuals during the fiscal year and shall include funds available pursuant to the Master Settlement Agreement and related documents entered into on November 23, 1998, by the state and leading United States tobacco product manufacturers during a fiscal year. The amount of the tobacco settlement funds to be used for this purpose shall be the greater of paragraph (1) or (2), less any bond payments and other costs of securitization related to the funds described in this subdivision.

(1) The amount of the funds expended by the county for the provision of health services to indigent program individuals during the fiscal year.

(2) The amount of the tobacco settlement funds multiplied by the average of the percentages of the amount of tobacco settlement funds that were allocated to and expended by the county for health services to indigent program individuals during the historical fiscal years.

SEC. 39. Section 34 of Chapter 37 of the Statutes of 2013 is amended to read:

Sec. 34. (a) At least 30 days prior to enrollment of beneficiaries into the Coordinated Care Initiative, the Director of Finance shall estimate the amount of net General Fund savings obtained from the implementation of the Coordinated Care Initiative. This estimate shall take into account any net savings to the General Fund achieved through the tax imposed pursuant to Article 5 (commencing with Section 6174) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code Article 5 (commencing with Section 6174).

(b) (1) By January 10 for each fiscal year after implementation of the Coordinated Care Initiative, for as long as the Coordinated Care Initiative remains operative, the Director of Finance shall estimate the amount of net General Fund savings obtained from the implementation of the Coordinated Care Initiative.

(2) Savings shall be determined under this subdivision by comparing the estimated costs of the Coordinated Care Initiative, as defined in paragraph (3) of subdivision (c), and the estimated costs of the program if the Coordinated Care Initiative were not operative. The determination shall also include any net savings to the General Fund achieved through the tax imposed pursuant to Article 5 (commencing with Section 6174) of Chapter 2 of Part 1 of Division 2 of the Revenue and Taxation Code.

(3) The estimates prepared by the Director of Finance, in consultation with the Director of Health Care Services, shall be provided to the Legislature.

(c) (1) Notwithstanding any other law, if, at least 30 days prior to enrollment of beneficiaries into the Coordinated Care Initiative, the Director of Finance estimates pursuant to subdivision (a) that the Coordinated Care Initiative will not generate net General Fund savings, then the activities to implement the Coordinated Care Initiative shall be suspended immediately and the Coordinated Care Initiative shall become inoperative July 1, 2014.

(2) If the Coordinated Care Initiative becomes inoperative pursuant to this subdivision, the Director of Health Care Services shall provide any necessary notifications to any affected entities.

(3) For purposes of subdivision (b), this subdivision, and subdivision (d) only, "Coordinated Care Initiative" means all of the following statutes and any amendments to the following:

(A) Sections 14132.275, 14183.6, and 14301.1 of the Welfare and Institutions Code, as amended by this act.

(B) Sections 14132.276, 14132.277, 14182.16, 14182.17, 14182.18, and 14301.2 of the Welfare and Institutions Code.

(C) Article 5.7 (commencing with Section 14186) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.

(D) Title 23 (commencing with Section 110000) of the Government Code.

(E) Section 6531.5 of the Government Code.

(F) Section 6253.2 of the Government Code, as amended by this act.

(G) Sections 12300.5, 12300.6, 12300.7, 12302.6, 12306.15, 12330, 14186.35, and 14186.36 of the Welfare and Institutions Code.

(H) Sections 10101.1, 12306, and 12306.1 of the Welfare and Institutions Code, as amended by this act.

(I) The amendments made to Sections 12302.21 and 12302.25 of the Welfare and Institutions Code, as made by Chapter 439 of the Statutes of 2012.

(d) (1) Notwithstanding any other law, and beginning in 2015, if the Director of Finance estimates pursuant to subdivision (b) that the Coordinated Care Initiative will not generate net General Fund savings, the Coordinated Care Initiative shall become inoperative January 1 of the following calendar year, except as follows:

(A) Section 12306.15 of the Welfare and Institutions Code shall become inoperative as of July 1 of that same calendar year.

(B) For any agreement that has been negotiated and approved by the Statewide Authority, the Statewide Authority shall continue to retain its authority pursuant to Section 6531.5 and Title 23 (commencing with Section 110000) of the Government Code and Sections 12300.5, 12300.6, 12300.7, and 12302.6 of the Welfare and Institutions Code, and shall remain the employer of record for all individual providers covered by the agreement until the agreement expires or is subject to renegotiation, whereby the authority of the Statewide Authority shall terminate and the county shall be the employer of

record in accordance with Section 12302.25 of the Welfare and Institutions Code and may establish an employer of record pursuant to Section 12301.6 of the Welfare and Institutions Code.

(C) For an agreement that has been assumed by the Statewide Authority that was negotiated and approved by a predecessor agency, the Statewide Authority shall cease being the employer of record and the county shall be reestablished as the employer of record for purposes of bargaining and in accordance with Section 12302.25 of the Welfare and Institutions Code, and may establish an employer of record pursuant to Section 12301.6 of the Welfare and Institutions Code.

(2) If the Coordinated Care Initiative becomes inoperative pursuant to this subdivision, the Director of Health Care Services shall provide any necessary notifications to any affected entities.

(e) It is the intent of the Legislature that this section apply retroactively to all actions taken by the Department of Finance, including the estimates and determinations required by Section 34 of Chapter 37 of the Statutes of 2013 prior to the operative date of the act that added this subdivision.

SEC. 40. (a) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the State Department of Social Services may implement and administer Sections 12301.61, 12306, 12306.1, 12306.16, and 12306.17 of the Welfare and Institutions Code, which are added by this act, and Section 10101.1 of the Welfare and Institutions Code, which is amended by this act, through all-county letters or similar instructions until regulations are adopted.

(b) The department shall adopt emergency regulations implementing the sections specified in subdivision (a) no later than January 1, 2019. The department may readopt any emergency regulation authorized by this section that is the same as, or substantially equivalent to, any emergency regulation previously adopted pursuant to this section. The initial adoption of regulations pursuant to this section and one readoption of emergency regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. Initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be exempt from review by the Office of Administrative Law. The initial emergency regulations and the one readoption of emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State, and each shall remain in effect for no more than 180 days, by which time final regulations shall be adopted.

SEC. 41. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 42. 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.