



AGENDA ITEM: 6

DATE OF MEETING: January 28, 2016

ACTION:  \_\_\_\_\_

INFORMATION:  \_\_\_\_\_

## **STATE BUDGET AND LEGISLATIVE UPDATE**

### **SUMMARY**

Staff will discuss the content of the Governor's proposed 2016–17 budget, announced on January 8, 2016, with particular emphasis on budget proposals directly related to early childhood issues.

Staff also will discuss the upcoming legislative season, and outline First 5 California strategies to actively inform and educate the Legislature on First 5 California's mission and goals. Staff will provide an overview of First 5 California state budget advocacy priorities for Budget Year 2016–17, and an overview of policy areas that may be of interest to the Commission and related select bills that have been introduced early in the new session.

### **ATTACHMENTS**

- A. Summary of 2016–17 Governor's Budget Proposals Impacting Young Children
- B. Detailed Report of the 2015–16 Legislative Bills of Interest

## **SUMMARY OF 2016–17 GOVERNOR’S BUDGET PROPOSALS IMPACTING YOUNG CHILDREN**

### **Overview**

The Governor’s budget estimates total revenue increases of \$5.9 billion for the three-year period (2014–15 through 2016–17 combined). Of that \$5.9 billion, \$4.3 billion is in additional Proposition 98 spending for the three-year period due to growth in the Proposition 98 “minimum guarantee”. This Proposition 98 funding level is \$2.1 billion over the revised 2015–16 level.

### **Early Education and Child Care Program Proposals**

Despite this large increase in revenues and the continued growth and stability of the state’s budget, the Governor’s budget proposes no increased investments in early learning and child care programs beyond minimal growth and cost-of-living adjustment (COLA) for capped child care programs. Instead, the budget proposes major structural and accounting changes to the California Department of Education (CDE)-administered early learning system, including the California State Preschool Program (CSPP) and the current Transitional Kindergarten (TK) program.

#### **Early Education Block Grant**

The budget proposes a new \$1.65 billion Early Education Block Grant funded through Proposition 98 that collapses and eliminates current requirements for the existing TK, CSPP, and the CSPP Quality Rating and Improvement System (QRIS) Block Grant, including approximately:

- \$880 million for the CSPP
- \$725 million Proposition 98 funds for TK
- \$50 million Proposition 98 funds for the CSPP QRIS Block Grant

The proposal acknowledges additional funding sources are affected by the current CSPP program, including:

- \$985 million in federal funds for the Head Start Program, which serves children ages 0 to 5
- \$300 million in a mix of General Fund and federal Child Care and Development Fund for the state’s Title 5 General Child Care and Migrant Child Care programs for children ages 0 to 5

The details of the Governor's proposal have not been released. The Department of Finance has announced its plan to hold a stakeholder process to deliberate details. It is unclear how the above funding sources will be affected with the consolidation of CSPP into the TK–12 system. It also is unclear if Title 5 programs, other than CSPP, will remain intact in light of the new block grant.

Working from the concepts of the Local Control Funding Formula (LCFF), the Administration is pursuing the following objectives:

- Expanding financial flexibility that prioritizes services for each community's lowest-income and most at-risk four- and five-year-old children
- Distributing any new funding based on factors such as local demographics and financial need, while ensuring no local educational agency (LEA) receives less funding under the block grant than it received under the prior pre-kindergarten programs
- Providing each LEA with the discretion to implement pre-kindergarten education programs that align funding with local priorities
- Streamlining administrative processes
- Integrating and aligning accountability within an LEA's current Local Control and Accountability Plan

### **Funding**

The new Early Education Block Grant is funded through an unknown funding formula as a component to the LCFF, and will be distributed based on factors such as population and need to ensure that funds are provided equitably to schools.

- TK is currently funded through average daily attendance (ADA). LEAs receive TK ADA for enrolled children who turn 5 years old between September 2 and December 2 of the school year. LEAs have discretion to serve children who turn 5 after December 2 in TK but are not allowed to receive ADA for those children until they turn 5.
- CSPP is currently funded through competitive contracts with both LEAs and community business organizations via a combination of Proposition 98 and non-Proposition 98 General Fund to pay for wraparound child care. CSPP also leverages Head Start funding within dual-funded CSPP/Head Start programs.

### **Accountability**

The new block grant proposal outlines accountability goals:

- Aligns with LCFF's core tenets to allow for local LEA flexibility, improve accountability alignment, and target resources to low-income and at-risk children
- Requires funding uses are aligned with Local Control Accountability Plans (LCAPs)
- Does not yet identify any required programmatic or accountability measures for districts, administrators, teachers or programs

### **Eligibility**

The new block grant proposal outlines goals that change current child eligibility for TK and CSPP:

- Targets low-income and at-risk 4- and 5-year-olds
- Makes unknown changes to pre-K eligibility for both CSPP and TK but prioritizes low-income and at-risk children
  - Current CSPP eligibility is based on set criteria related to family income and a family's need for services, and serves 3 and 4 year-old children.
  - Current TK eligibility is based on the statutory change of kindergarten enrollment, and serves children who turn 5 years old between September 2<sup>nd</sup> and December 2<sup>nd</sup> of the school year. LEAs have discretion to serve children who turn five after December 2<sup>nd</sup> in TK but are not allowed to receive ADA for those children until they turn 5.

### **Transitional Kindergarten**

The proposal contains no programmatic, accountability, or funding details related to the new program for 4-year-olds, and no information regarding how the new block grant will affect the current TK program, aside from the new funding mechanism created to collapse TK into a block grant separate from the ADA-funded kindergarten program, as stated above. The proposal would hold TK ADA harmless for each LEA.

### **California State Preschool Program**

The proposal holds currently contracted LEAs harmless so they do not receive less funding under the block grant than they currently do under CSPP contracts. Full-year/full-day funding for 2015–16 non-LEA CSPP expansion slots is still provided through the General Child Care program.

## **California State Preschool Program Quality Rating and Improvement System Block Grant**

The proposal eliminates the CSPP QRIS Block Grant by folding \$50 million ongoing Proposition 98 funding into the new Early Education Block Grant, eliminating the state's most recent quality improvement system efforts. The CSPP QRIS block grant is currently funded through CDE contracts awarded to local QRIS consortia. These same consortia are recipients of the Race to the Top – Early Learning Challenge grant federal funds, scheduled to expire in the Budget Year. These consortia also are the intended beneficiaries of the First 5 IMPACT (Improve and Maximize Programs so All Children Thrive) funds, which were designed to be latticed to CSPP QRIS Block Grant funds.

## **Other Child Care Program Proposals**

California receives approximately \$570 million annually in federal Child Care and Development Block Grant funding, which in addition to the state General Fund, provides the total funding for the General Child Care, Migrant Child Care, Alternative Payment, CalWORKs Stage 3, and child care quality programs, as well as for Local Child Care Planning Councils. The Governor's Budget Proposal contains no new funding for child care beyond full-year funding for prior budget commitments and adjustments for COLA and caseload.

The proposal:

- Adjusts capped programs for growth and COLA
- Adjusts CalWorks Stage 2 and Stage 3 for caseload and cost per case
- Provides full-year funding for 2015–16 Regional Market Rate and license-exempt provider rate increases
- Maintains funding for Family Child Care Network Homes, Migrant, and Severely Disabled programs through the General Child Care program
- Provides a net increase of \$10.4 million federal Child Care and Development Funds in 2016–17 to reflect a slight projected increase to the base grant amount, with a total of \$593.2 million in federal funding.

The proposal requires CDE to develop a plan for the state to transition the state's major capped programs, including General Child Care, and Migrant Child Care, from state contracts to a voucher system over the next five years. Contracts administered by CDE would be turned into voucher-based programs, in addition to the current voucher programs, the Alternative Payment Program, and the CalWORKS Stages 1, 2, and 3.

Per the budget proposal, California currently provides approximately a third of its child care funding by direct contract to center-based care providers.

## **Medi-Cal Program**

### **Adjustments to Medi-Cal**

The Budget:

- Proposes total expenditures of \$85.1 billion (\$19.1 billion General Fund) for the Medi-Cal program, which is an 8 percent increase in General Fund spending from the prior year as a result of the implementation of the federal health care reform under the Affordable Care Act
- Increases extends full-scope Medi-Cal coverage to undocumented children, as approved through the 2015–16 Budget Act, including \$182 million (\$145 million General Fund) to provide full-scope benefits to 170,000 children beginning May 1, 2016
- Increases funding by \$169.9 million (\$57 million General Fund) in 2016–17 to counties for the administration of Medi-Cal eligibility determinations

### **Managed Care Organization Tax**

Calendar year 2017 is the first year the state will share the costs of the optional expansion population under federal health care reform.

- To serve the 3.4 million residents now receiving coverage, the Budget allocates \$740 million General Fund for the state's 5 percent share of costs (on a half-year basis). These costs are projected to reach \$1.8 billion General Fund annually by 2020–12
- Proposes a new tax reform package to extend the Managed Care Organization (MCO) tax. This new tax reform package now includes offsets in the gross premiums tax, and business and corporation tax, which were not previously part of the proposal
- Raises \$1.3 billion (on net) annually with restructured MCO tax, while reducing other taxes on affected health plans
- Uses \$236 million from MCO tax to maintain restoration of the In-Home Supportive Services
- Assumes the tax is in place for three years starting in 2016–17

### Social Services Proposals

#### Foster Care and Child Welfare

The Budget includes \$94.9 million (\$60.9 million General Fund) for the Department of Social Services (DSS), Department of Health Care Services, county child welfare agencies, and county probation departments to continue the implementation of the Continuum of Care reforms. These reforms emphasize home-based family care, improve access to services without having to change out-of-home placements to get those services, and increase the role of children, youth, and families in assessment and case planning.

#### CalFresh

The Budget includes \$804,000 (\$261,000 General Fund) and five new positions for DSS to provide technical assistance and training to the 19 largest counties for enrolling and retaining families in CalFresh. This work will be coordinated with Medi-Cal and the Women Infants and Children program to provide appropriate nutrition assistance for young children.

### Revenues and Estimates

The Budget acknowledges the decline in tobacco tax revenues in the Budget Summary, and projects this decline to continue. Annual per capita consumption (based on population ages 18 to 64) was 123 packs in 1989–90, 84 packs in 1997–98, and 35 packs in 2014–15. This forecast assumes an annual decline in total consumption of approximately 2.8 percent.

<b><u>Tobacco Tax Revenue</u></b>	<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>
	<b>Preliminary</b>	<b>Forecast</b>	<b>Forecast</b>
General Fund	\$86.3	\$83.8	\$81.5
Cigarette and Tobacco Products Surtax Fund	267.9	262.3	255.0
Breast Cancer Fund	17.2	15.9	15.5
California Children and Families First Trust Fund	461.0	451.1	438.5
<b>Total</b>	<b>\$832.4</b>	<b>\$813.1</b>	<b>\$790.5</b>



**Legislative Bills of Interest  
Priority Level 1 and 2 Bills**

**Child Health**

**AB 766 (Ridley-Thomas) Public School Health Center Support Program**

**Current Text:** Amended: 4/27/15

**Level 2 Location:** 8/28/16-S. 2 Year Bill

**Summary:** Current law requires the Department of Public Health (DPH), in cooperation with the California Department of Education, to establish a Public School Health Center Support Program to perform specified functions relating to the establishment, retention, or expansion of school health centers in California, giving preference for grant funding to schools in areas designated as federally medically underserved areas or in areas with medically underserved populations, or schools with a high percentage of low-income and uninsured children and youth. This bill would require DPH to also give preference to schools with a high percentage of children and youth who receive free or low-cost health coverage through Medi-Cal.

**AB 796 (Nazarian) Health Care Coverage: Autism and Pervasive Developmental Disorders**

**Current Text:** Amended: 1/13/16

**Level 1 Location:** 1/21/16-A. Appropriations

**Summary:** Current law requires every health care service plan contract and health insurance policy to provide coverage for behavioral health treatment for pervasive developmental disorder or until January 1, 2017, and defines "behavioral health treatment" to mean specified services provided by a qualified autism service professional supervised and employed by a qualified autism service provider. This bill would extend the operation of these provisions to January 1, 2022.

**AB 1357 (Bloom) Children and Family Health Promotion Program**

**Current Text:** Amended: 4/29/2015

**Level 1 Location:** 5/12/15-A. Health

**Support**

**Summary:** This bill, subject to specified exemptions, would impose a fee on every distributor for the privilege of distributing in this state bottled sweetened beverages, and concentrate, either as concentrate or as sweetened beverages derived from that concentrate, at the rate of \$0.02 per fluid ounce. The Board of Equalization would be responsible for administering and collecting the fee and registering the distributors upon whom the fee is imposed. These amounts would be deposited into the Children and Family Health Promotion Trust Fund, created by the bill. The bill would require moneys in the fund, upon appropriation by the Legislature, to be allocated to the Department of Public Health, the Department of Health Care Services, the California Department of Education, and the Department of Food and Agriculture for various purposes of statewide diabetes and childhood obesity treatment and prevention activities and programs, including awarding competitive grants to local governments, nonprofit organizations, school districts, and other entities for activities in support of the bill's objectives.

- AB 1576 (Eggman) Pupil Health: School-Based Mental Health Services**  
**Current Text:** Introduced: 1/04/16  
**Level 2 Location:** 1/13/16-A. Print  
**Summary:** This bill would declare the intent of the Legislature to enact future legislation that would utilize school-based mental health services to address the mental health needs of children in the state.
- AB 1644 (Bonta) School-Based Early Mental Health Intervention and Prevention Services**  
**Current Text:** Introduced: 1/11/16  
**Level 2 Location:** 1/11/16-A. Print  
**Summary:** This bill would, under the School-based Early Mental Health Intervention and Prevention Services for Children Act of 199, expand the definition of an eligible pupil to include a pupil who attends a preschool program at a publicly funded elementary school and a pupil who is in transitional kindergarten, thereby extending the application of the act to those persons. The bill would also include charter schools in the definition of local educational agency, thereby extending the application of the act to those entities.
- ABX2 1 (Bonta) Medi-Cal: Developmental Services: Funding**  
**Current Text:** Amended: 9/03/15  
**Level 2 Location:** 1/21/16-S. Conference Committee  
**Summary:** This bill would state the intent of the Legislature to enact legislation that establishes funding sources and mechanisms in order to provide additional support for, and access to, Medi-Cal and developmental services and that uses those funding sources and mechanisms to increase access, ensure network adequacy, improve quality, and minimize geographic and service shortages in the Medi-Cal program and to increase access to services provided through regional centers.
- ABX2 2 (Bonta) Medi-Cal and Developmental Services: Funding: Rates**  
**Current Text:** Introduced: 7/02/15  
**Level 2 Location:** 9/03/15-S. Rules  
**Summary:** This bill would state the intent of the Legislature to enact legislation to stabilize funding for the Medi-Cal program and to provide rate increases for Medi-Cal and developmental services providers.
- ABX2 3 (Chu) Developmental Services: Provider Rates: Minimum Wage**  
**Current Text:** Introduced: 7/16/15  
**Level 2 Location:** 7/16/15-A. Print  
**Summary:** Existing law, the Lanterman Developmental Disabilities Services Act, requires the State Department of Developmental Services to contract with regional centers to provide services and supports to individuals with developmental disabilities and their families. Existing law requires the department to enter into contracts with private nonprofit corporations to operate regional centers that provide community services and support for consumers and their families, including, but not limited to, residential placement. This bill would instead authorize an adjustment in prescribed provider rates as necessary to adjust employee wages to meet the state minimum wage law. This bill contains other existing laws.

- SB 123**            **(Liu) Report: School-Based Medi-Cal Administrative Activities Program**  
**Current Text:** Amended: 5/12/15
- Level 2**            **Location:** 7/17/15-A. 2 Year Bill  
**Summary:** This bill would require the Legislative Analyst, in consultation with the California Department of Education and the Department of Health Care Services, to review and prepare specific recommendations relative to the administration and oversight of the School-Based Medi-Cal Administrative Activities program. The bill would require the Legislative Analyst to submit a report containing the specific recommendations to the Legislature and Governor by July 1, 2016, and would require the report to include, but not be limited to, an evaluation of specified entities, administrative structures, and information. The bill would also require the Department of Health Care Services to annually post on its Internet website the administrative fee percentage charged by each local governmental agency or local educational consortium.
- SB 884**            **(Beall) Pupil Services: Mental Health Services**  
**Current Text:** Introduced: 1/19/16
- Level 2**            **Location:** 1/19/16-S. Print  
**Summary:** This bill would state the intent of the Legislature to enact legislation relating to the provision of mental health services to pupils with exceptional needs.
- SBX2 2**            **(Hernandez) Medi-Cal: Developmental Services: Provider Rate Increases**  
**Current Text:** Amended: 9/04/15
- Level 2**            **Location:** 1/21/16-S. Conference Committee  
**Summary:** This bill would declare the intent of the Legislature to enact statutory changes that would stabilize funding for the Medi-Cal program and provide rate increases for providers of Medi-Cal and developmental services.
- SBX2 3**            **(Hernandez) Medi-Cal: Developmental Services: Funding: Access**  
**Current Text:** Introduced: 7/06/15
- Level 2**            **Location:** 9/01/15-A. Desk  
**Summary:** This bill would declare the intent of the Legislature that would enact legislation to establish funding sources and mechanisms to provide additional support and access to services for the state's Medi-Cal and developmental services programs.
- SBX2 4**            **(Nielsen) Developmental Services: Medi-Cal: Rate Increases**  
**Current Text:** Introduced: 7/16/15
- Level 2**            **Location:** 7/16/15-S. Print  
**Summary:** This bill would, to the extent that General Fund revenues for the 2014-15 fiscal year exceed the revenues estimated for that fiscal year in the Budget Act of 2015 and that General Fund revenues for the 2015-16 fiscal year are expected to exceed the revenues estimated for that fiscal year in the Budget Act of 2015, appropriate certain sums to the Department of Developmental Services to increase rates for certain developmental service providers and to increase regional center operating budgets, and appropriate certain sums to the Department of Health Care Services for the purpose of increasing Medi-Cal provider rates for providers whose

rates were reduced. The bill would require the Director of Finance to determine the percentage increases to be provided to developmental service providers, regional center operating budgets, and Medi-Cal providers based on the amount by which General Fund revenues exceed, or are expected to exceed, the revenues budgeted for the 2014-15 and 2015-16 fiscal years. The bill would make the rate increases, if any, retroactive to July 1, 2015.

### Early Learning and Care

**AB 445 (Alejo) Child Day Care Facilities: Nutrition**

**Current Text:** Amended: 1/04/16

**Level 2 Location:** 1/05/16-A. Human Services

**Summary:** Current law requires childhood nutrition training for certain child day care facility licensees to include information about reimbursement rates for the United States Department of Agriculture Child and Adult Care Food Program (CACFP). The bill would require the Department of Social Services (DSS) to inform prospective and current child day care providers about CACFP by posting specified information on the DSS's Internet website, and by disseminating information by other means deemed appropriate by the DSS.

**AB 598 (Rendon) Child Care: Family Child Care Home Education Networks**

**Current Text:** Amended: 1/14/16

**Level 1 Location:** 1/21/16-A. Appropriations

**Support**

**Summary:** Current law requires each family child care home education network to assess the educational quality of the program offered in each family child care home in the network. This bill would require that tools used to make these assessments be appropriate to family child care home settings. The bill would require the network to complete the developmental profile in collaboration with the provider by conducting a parent survey of a child's developmental progress as directed by the California Department of Education and incorporating it into the profile. The bill would require a family child care home education network to include the maintenance of a developmental portfolio, and conduct a minimum of 9 site visits to each affiliated provider in a calendar year. The bill would require a provider in a family child care home education network to adopt and use a curriculum or curricula of the provider's choosing that is appropriate for the age range of children in the home. The bill also would impose additional duties on providers, including providing age and developmentally appropriate educational activities for children.

**AB 765 (Ridley-Thomas) Child Care and Development: Reimbursement Rates**

**Current Text:** Amended: 3/26/2015

**Level 1 Location:** 5/29/2015-A. 2 YEAR

**Support**

**Summary:** This bill would provide that the child care standard reimbursement rate is not intended to fund mandated costs imposed upon child development programs due to actions of law relating to minimum wage requirements, health insurance requirements, new or increased fees, new or expanded program requirements, or other cost increases due to legislative action. The bill would require the standard reimbursement rate to be raised as needed to provide a living wage, reasonable health insurance, and retirement benefits for employees, to support the recruitment and retention of skilled and trained teachers, to support the financial stability of

programs and educational quality, and to achieve gender pay equity. The bill would define cost-of-living adjustment to be, among other things, at least equal to the amount of the inflation adjustments given to K-12 education programs.

**AB 1161 (Olsen) Preschool: Privately Funded Pilot Program: Tax Credits**

**Current Text:** Amended: 7/2/2015

**Level 1 Location:** 8/28/15-S. 2 Year Bill (Held on Appropriations Suspense File)

**Summary:** This bill would, until January 1, 2021, authorize the California Department of Education (CDE), as part of a pilot program, to accept monetary contributions made to the California Preschool Investment Fund, which this bill would create, by a person for purposes of preschool education, as provided. The bill would require the money in the fund to be used to, among other things, fund state preschools part of the California state preschool program located in one of the 5 participating counties, as provided. The bill would require participating counties to report to CDE's Early Education and Support Division regarding the county's assessment of how the pilot program is performing. The bill would require any moneys remaining in the fund after January 1, 2021, to be transferred to any other state fund identified by CDE that provides funding for increased access to preschool programs for low-income children.

**AB 1679 (Weber) Child Care: State Preschool Programs: Eligibility: Military Families**

**Current Text:** Introduced: 1/19/16

**Level 1 Location:** 1/19/16-A. Rules

**Summary:** This bill, under the Child Care and Development Services Act, would exclude the amount of the basic allowance for housing provided to an individual who is on federal active duty, state active duty, active duty for special work, or Active Guard and Reserve duty in the military that is equal to the lowest rate of the allowance for the military housing area in which the individual resides from income for purposes of determining eligibility for state preschool services.

**Revenue and Governance**

**AB 1594 (McCarty) Public Postsecondary Education: Prohibition of Smoking and Vaping on Campuses**

**Current Text:** Introduced: 1/06/16

**Level 1 Location:** 1/06/16-A. Print

**Summary:** This bill would prohibit the smoking of a tobacco product or the use of an e-cigarette on a campus of the California State University or the California Community Colleges. The bill would authorize the governing bodies of the California State University and each community college district to set standards for the enforcement of that prohibition. The bill would authorize the enforcement of this prohibition by a fine, not to exceed \$100, as specified.

**ABX2 6 (Cooper) Electronic Cigarettes**

**Current Text:** Amended: 8/27/15

**Level 1 Location:** 9/10/15-A. Third Reading

**Support Summary:** This bill would define the term "smoking" for purposes of the Stop Tobacco Access to Kids Enforcement (STAKE) Act. The bill would also change the STAKE

Act's definition of "tobacco products" to include electronic devices, such as electronic cigarettes, that deliver nicotine or other vaporized liquids, and make furnishing such a tobacco product to a minor a misdemeanor. The bill would include in the definition of tobacco products for the purposes of those provisions relating to licenses for retailers the STAKE Act's new definition of tobacco products. The bill would require a retailer that seeks to sell a tobacco product that is not subject to imposition of a tax under the Cigarette and Tobacco Products Tax Law to pay a one-time license fee to engage in the sale of that product, as specified. The bill would require all cartridges for electronic cigarettes and solutions for filling or refilling an electronic cigarette to be in childproof packaging, as prescribed. The bill would make these provisions operative on October 1, 2016. The bill also would make the use of electronic cigarettes in some restricted locations, as specified, a violation punishable as an infraction.

**ABX2 8 (Wood) Tobacco Products: Minimum Legal Age**

**Current Text:** Amended: 9/24/15

**Level 1 Location:** 9/10/15-A. Third Reading

**Support**

**Summary:** The Stop Tobacco Access to Kids Enforcement (STAKE) Act, establishes various requirements for distributors and retailers relating to tobacco sales to minors. Current law requires the Department of Public Health to conduct random, onsite sting inspections of tobacco product retailers with the assistance of persons under 18 years of age. This bill would extend the applicability of those provisions to persons under 21 years of age. The bill would authorize the Department of Public Health to conduct random, onsite string inspections of tobacco product retailers with the assistance of persons under 21 years of age.

**ABX2 9 (Thurmond) Tobacco Use Programs**

**Current Text:** Amended: 8/27/15

**Level 2 Location:** 9/10/15-A. Third Reading

**Summary:** This bill would expand eligibility for funding for the tobacco use prevention program to include charter schools. The bill would require the California Department of Education to require that all school districts, charter schools, and county offices of education receiving funding under the program adopt and enforce a tobacco-free campus policy prohibiting the use of products containing tobacco and nicotine, as specified.

**ABX2 10 (Bloom) Local Taxes: Authorization: Cigarettes and Tobacco Products**

**Current Text:** Introduced: 7/16/15

**Level 1 Location:** 8/27/15-A. Third Reading

**Support**

**Summary:** The Cigarette and Tobacco Products Tax Law imposes a tax on every distributor of cigarettes and tobacco products at specified rates. That law specifies that the taxes imposed by that law are in lieu of all other state, county, municipal, or district taxes on the privilege of distributing cigarettes or tobacco products. The California Constitution prohibits the Legislature from imposing taxes for local purposes, but allows the Legislature to authorize local governments to impose them. This bill would authorize the board of supervisors of a county or city and county to impose a tax on the privilege of distributing cigarettes and tobacco products in the county or city and county, including within an incorporated city within the county.

ABX2 11

**(Nazarian) Cigarettes and Tobacco Product Licensing: Fees and Funding**

**Current Text:** Introduced: 7/16/15

Level 1

**Location:** 9/10/15-A. Third Reading

Support

**Summary:** The Cigarette and Tobacco Products Licensing Act of 2003 requires the Board of Equalization (BOE) to administer a statewide program to license manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. That act requires retailers of cigarettes and tobacco products to obtain a separate license for each retail location, to be issued by the board upon receipt of a completed application and payment of a one-time fee, unless specified conditions apply. This bill would require a fee of \$265 to be submitted with each license application, as described above. The bill would require, for calendar years beginning on and after January 1, 2016, every retailer to file an application for renewal of a retailer's license accompanied with a fee of \$265 per retail location, in the form and manner prescribed by the board. The Cigarette and Tobacco Products Licensing Act of 2003 requires every wholesaler and distributor who commences business selling or distributing cigarettes or tobacco products, or who commences doing so at a new or different place of business in the state, to apply for a license accompanied by a required fee of \$1,000 for each location. The act also requires wholesalers and distributors to file an application for a renewal of license accompanied by a required fee of \$1,000 for each location where cigarettes and tobacco products are sold. The bill would raise the fees described above to \$1,200. The bill would require the BOE to report to the Legislature no later than January 1, 2019 regarding the adequacy of funding for the Cigarette and Tobacco Products Licensing Act of 2003, as specified.

ABX2 16

**(Bonta) Public Health: Cigarettes and Tobacco Products: Electronic Cigarettes: Taxes: California Health Care Research, and Prevention Tobacco Tax Act of 2015**

**Current Text:** Introduced: 8/26/15

Level 1

**Location:** 8/27/15-A. Public Health & Developmental Services

**Summary:** This bill would expand the definition of tobacco products for purposes of that act to include electronic cigarettes thereby subjecting manufacturers, importers, distributors, wholesalers, and retailers of electronic cigarettes to the same licensing requirements imposed on tobacco products. The bill would impose an additional tax on the distribution of cigarettes at the rate of \$2 per pack of cigarettes. The bill additionally would impose a tax on the distribution of electronic cigarettes based on the wholesale cost, at a rate determined annually that is equivalent to the cigarette tax rate, which would be \$2.87 per package of 20 cigarettes. This bill would expand the definition of "tobacco products" for purposes of the Cigarette and Tobacco Products Tax Law to include electronic cigarettes, thereby subjecting distributors, wholesalers, and transporters of electronic cigarettes to, among other things, the same licensing, bonding, and registration requirements imposed on distributors, wholesalers, and transporters of tobacco products. The bill would provide that the revenues collected from the taxes imposed on cigarettes and electronic cigarettes by this bill, less refunds, would not be considered General Fund revenues and would be deposited in the California Health Care, Research, and Prevention Tobacco Tax Act of 2015 Fund created by this bill. The bill would require moneys in the California Health Care, Research, and Prevention Tobacco Tax Act of 2015 Fund to be continuously appropriated without regard to fiscal year to the Controller, to be used to fund health care and prevention programs.

- SB 151**                   **(Hernandez) Tobacco Products: Minimum Legal Age**  
**Current Text:** Introduced: 1/29/2015
- Level 1**  
**Support**                   **Location:** 7/17/15-A. 2 Year Bill  
**Summary:** The Stop Tobacco Access to Kids Enforcement (STAKE) Act, establishes various requirements for distributors and retailers relating to tobacco sales to minors. Current law requires the Department of Public Health to conduct random, onsite sting inspections of tobacco product retailers with the assistance of persons under 18 years of age. This bill would extend the applicability of those provisions to persons under 21 years of age. The bill would authorize the Department of Public Health to conduct random, onsite string inspections of tobacco product retailers with the assistance of persons under 21 years of age.
- SBX2 5**                   **(Leno) Electronic Cigarettes**  
**Current Text:** Amended: 8/26/15
- Level 1**  
**Support**                   **Location:** 8/27/15-A. Desk  
**Summary:** This bill would define the term "smoking" for purposes of the Stop Tobacco Access to Kids Enforcement (STAKE) Act. The bill would also change the STAKE Act's definition of "tobacco products" to include electronic devices, such as electronic cigarettes, that deliver nicotine or other vaporized liquids, and make furnishing such a tobacco product to a minor a misdemeanor. The bill would include in the definition of tobacco products for the purposes of those provisions relating to licenses for retailers the STAKE Act's new definition of tobacco products. The bill would require a retailer that seeks to sell a tobacco product that is not subject to imposition of a tax under the Cigarette and Tobacco Products Tax Law to pay a one-time license fee to engage in the sale of that product, as specified. The bill would require all cartridges for electronic cigarettes and solutions for filling or refilling an electronic cigarette to be in childproof packaging, as prescribed. The bill would make these provisions operative on October 1, 2016. The bill also would make the use of electronic cigarettes in some restricted locations, as specified, a violation punishable as an infraction.
- SBX2 7**                   **(Hernandez) Tobacco Products: Minimum Legal Age**  
**Current Text:** Introduced: 7/16/15
- Level 1**  
**Support**                   **Location:** 8/27/15-A. Desk  
**Summary:** The Stop Tobacco Access to Kids Enforcement (STAKE) Act, establishes various requirements for distributors and retailers relating to tobacco sales to minors. Current law requires the Department of Public Health to conduct random, onsite sting inspections of tobacco product retailers with the assistance of persons under 18 years of age. This bill would extend the applicability of those provisions to persons under 21 years of age. The bill would authorize the Department of Public Health to conduct random, onsite string inspections of tobacco product retailers with the assistance of persons under 21 years of age.
- SBX2 8**                   **(Liu) Tobacco Use Programs**  
**Current Text:** Amended: 8/25/15
- Level 2**                   **Location:** 8/27/15-A. Desk  
**Summary:** This bill would expand eligibility for funding for the tobacco use prevention program to include charter schools. The bill would require the California

Department of Education to require that all school districts, charter schools, and county offices of education receiving funding under the program adopt and enforce a tobacco-free campus policy prohibiting the use of products containing tobacco and nicotine, as specified.

**SBX2 9 (McGuire) Local Taxes: Authorization: Cigarettes and Tobacco Products**

**Current Text:** Introduced: 7/16/15

**Level 1 Location:** 8/27/15-A. Desk

**Support**

**Summary:** The Cigarette and Tobacco Products Tax Law imposes a tax on every distributor of cigarettes and tobacco products at specified rates. That law specifies that the taxes imposed by that law are in lieu of all other state, county, municipal, or district taxes on the privilege of distributing cigarettes or tobacco products. The California Constitution prohibits the Legislature from imposing taxes for local purposes, but allows the Legislature to authorize local governments to impose them. This bill would authorize the board of supervisors of a county or city and county to impose a tax on the privilege of distributing cigarettes and tobacco products in the county or city and county, including within an incorporated city within the county.

**SBX2 10 (Beall) Cigarette and Tobacco Product Licensing: Fees and Funding**

**Current Text:** Introduced: 7/16/15

**Level 1 Location:** 8/27/15-A. Desk

**Support**

**Summary:** The Cigarette and Tobacco Products Licensing Act of 2003 requires the Board of Equalization (BOE) to administer a statewide program to license manufacturers, importers, distributors, wholesalers, and retailers of cigarettes and tobacco products. That act requires retailers of cigarettes and tobacco products to obtain a separate license for each retail location, to be issued by the BOE upon receipt of a completed application and payment of a one-time fee, unless specified conditions apply. This bill would require a fee of \$265 to be submitted with each license application, as described above. The bill would require, for calendar years beginning on and after January 1, 2016, every retailer to file an application for renewal of a retailer's license accompanied with a fee of \$265 per retail location, in the form and manner prescribed by the BOE. The Cigarette and Tobacco Products Licensing Act of 2003 requires every wholesaler and distributor who commences business selling or distributing cigarettes or tobacco products, or who commences doing so at a new or different place of business in the state, to apply for a license accompanied by a required fee of \$1,000 for each location. The act also requires wholesalers and distributors to file an application for a renewal of license accompanied by a required fee of \$1,000 for each location where cigarettes and tobacco products are sold. The bill would raise the fees described above to \$1,200. The bill would require the BOE to report to the Legislature no later than January 1, 2019 regarding the adequacy of funding for the Cigarette and Tobacco Products Licensing Act of 2003, as specified.

**SBX2 13 (Pan) Public Health: Cigarette and Tobacco Product Licensing: Electronic Cigarettes: Taxes: California Health Care, Research, and Prevention Tobacco Tax Act of 2015**

**Current Text:** Introduced: 8/26/15

**Level 1 Location:** 8/26/15-S. Public Health & Developmental Services

**Summary:** This bill would expand the definition of tobacco products for purposes of that act to include electronic cigarettes thereby subjecting manufacturers, importers, distributors, wholesalers, and retailers of electronic cigarettes to the same licensing

requirements imposed on tobacco products. The bill would impose an additional tax on the distribution of cigarettes at the rate of \$2 per pack of cigarettes. The bill additionally would impose a tax on the distribution of electronic cigarettes based on the wholesale cost, at a rate determined annually that is equivalent to the cigarette tax rate, which would be \$2.87 per package of 20 cigarettes. This bill would expand the definition of "tobacco products" for purposes of the Cigarette and Tobacco Products Tax Law to include electronic cigarettes, thereby subjecting distributors, wholesalers, and transporters of electronic cigarettes to, among other things, the same licensing, bonding, and registration requirements imposed on distributors, wholesalers, and transporters of tobacco products. The bill would provide that the revenues collected from the taxes imposed on cigarettes and electronic cigarettes by this bill, less refunds, would not be considered General Fund revenues and would be deposited in the California Health Care, Research, and Prevention Tobacco Tax Act of 2015 Fund created by this bill. The bill would require moneys in the California Health Care, Research, and Prevention Tobacco Tax Act of 2015 Fund to be continuously appropriated without regard to fiscal year to the Controller, to be used to fund health care and prevention programs.

**SBX2 14 (Hernandez) Tobacco Electronic Cigarettes: Taxes: Managed Care Organization Provider Tax: In-Home Supportive Services**

**Current Text:** Introduced: 9/09/15

**Level 1**

**Location:** 9/11/15-S. Third Reading

**Summary:** This bill would impose an additional tax on the distribution of cigarettes at the rate of \$2 per package of cigarettes. The bill would additionally impose a tax on the distribution of electronic cigarettes based on the wholesale cost, at a rate determined annually that is equivalent to the cigarette tax rate, which would be \$2.87 per package of 20 cigarettes. The bill would expand the definition of "tobacco products" for purposes of the Cigarette and Tobacco Products Tax Law to include electronic cigarettes, thereby subjecting distributors, wholesalers, and transporters of electronic cigarettes to the same licensing, bonding, and registration requirements. The bill would provide that revenues collected from the taxes imposed on cigarettes and electronic cigarettes would not be considered General Fund revenues and would be deposited in the California Health Care, Research, and Prevention Tobacco Tax Act of 2015 Fund created by this bill. The bill would continuously appropriate those amounts for allocation and be expended for specified purposes, which include: (1) offsetting any revenue decreases directly resulting from the additional taxes imposed by this bill to the Cigarette and Tobacco Products Surtax Fund, the Breast Cancer Fund, and the California Children and Families Trust Fund; (2) reimbursing the BOE and the State Auditor for administrative duties imposed by the bill; (3) providing funding to the University of California for the purpose of increasing the number of physicians trained in California; (4) funding state and local law enforcement efforts and investigative activities to reduce illegal sales of tobacco products; (5) providing funding to the Department of Health Care Services for existing health care programs and services and to draw down federal funding; (6) funding the California Department of Public Health Tobacco Control Program; and (7) supplementing the Cigarette and Tobacco Products Surtax Medical Research Program administered by the University of California. The bill also would establish a new managed care organization provider tax, to be administered by the Department of Health Care Services in consultation with the Department of Managed Health Care. The tax would be assessed by the department on licensed health care service plans and managed care plans contracted with the department to

provide Medi-Cal services. The bill would establish the Health and Human Services Special Fund in the State Treasury, into which all revenues, less refunds, would be deposited. The bill would require \$230,000,000 in the fund to be transferred to the Developmental Disabilities Fund, which the bill would create, to be used upon appropriation to increase funding provided to regional centers and increase rates paid to service providers for providing services to persons with disabilities. The remaining moneys in the fund would be continuously appropriated to the department for funding the nonfederal share of Medi-Cal managed care rates.

### **Strong and Engaged Families**

**AB 492 (Gonzalez) CalWORKs: Welfare-to-Work: Supportive Services**

**Current Text:** Amended: 3/26/15

**Level 2 Location:** 1/21/16-A. Appropriations

**Summary:** Current law requires that necessary supportive services be available to participants in welfare-to-work activities, including child care. This bill would provide that necessary supportive services also include vouchers in the amount of \$50 per month for diaper products for every child two years of age or younger enrolled in child care pursuant to the above-mentioned provisions.

**AB 908 (Gomez) Disability Compensation: Family Temporary Disability Insurance**

**Current Text:** Amended: 9/04/15

**Level 1 Location:** 1/21/16-A. Concurrence

**Support**

**Summary:** This bill would require the family temporary disability insurance program to provide up to 10 weeks of wage replacement benefits. This bill would, for purposes of this program, require the weekly benefit amount to be calculated with a specified formula. However, the amount would be prohibited from being less than \$250 and more than the maximum workers' compensation temporary disability indemnity weekly benefit amount.

**AB 1371 (Lackey) Personal Income Taxes: Deduction: Education Expenses**

**Current Text:** Amended: 4/20/15

**Level 2 Location:** 4/21/15-A. Revenue & Taxation

**Summary:** This bill, for taxable years on or after January 1, 2016, and before January 1, 2021, would allow a deduction from adjusted gross income, not to exceed \$2,500, for the cost of education-related expenses of the taxpayer's dependent child or children attending public or private school, as specified.

**SB 636 (Liu) Homeless Youth: Basic Material Needs Assistance**

**Current Text:** Amended: 1/04/16

**Level 2 Location:** 1/21/16-A. Appropriations

**Summary:** This bill would require, from moneys appropriated by the Legislature, for the Department of Social Services (DSS) to establish and operate a Homeless Youth Basic Material Needs Assistance Program for homeless youth in California. The bill would require the DSS to solicit proposals from, and contract with, nonprofit organizations for the purpose of providing basic material needs assistance to homeless youth. The bill would require contracted nonprofit organizations to provide a minimum of 100 percent matching funds. The bill would require each contracted

nonprofit organization to prepare a report for the DSS including information on the number of homeless youth assisted.

**SB 670 (Jackson) Income Taxes: Credit: Child Care**

**Current Text:** Amended: 8/20/15

**Level 1 Location:** 8/26/15-A. Appropriations

**Summary:** This bill, for taxable years beginning on and after January 1, 2016, and before January 1, 2021, would allow a credit in the amount of 30% of the costs of startup expenses for child care programs, constructing a child care facility, providing child care information and referral services, and contributing to a qualified care plan, as defined. The bill would authorize, in the case where the credit allowed for the taxable year exceeds the "net tax" or "tax" the excess to be carried over to reduce the "net tax" or "tax" in the following year, and the succeeding 7 years if necessary. The bill would also require the Franchise Tax Board to report to the Legislature on the effectiveness of these credits.