

## Assembly Bill No. 1400

### CHAPTER 227

An act to amend Sections 8499.5 and 49561 of the Education Code, to amend Sections 17508 and 17600 of the Family Code, to amend Sections 6276.08, 6276.18, 16265.2, and 16367.5 of the Government Code, to amend Sections 104585, 104601, 123310, and 123325 of the Health and Safety Code, to amend Sections 396.5 and 1203.049 of the Penal Code, to amend Sections 6373, 17053.34, 17053.46, 17053.74, 23622.7, 23634, and 23646 of the Revenue and Taxation Code, to amend Section 9802 of the Unemployment Insurance Code, to amend Sections 10069, 10072, 10544.317, 10614, 10618.5, 10790, 10791, 10823, 10824, 10830, 10840, 10842, 10850.31, 10980, 11006.6, 11023.5, 11053.2, 11104.1, 11155, 11155.3, 11265.1, 11265.5, 11265.6, 11265.7, 11266, 11266.5, 11322.6, 11372, 11390, 11450, 11450.9, 11453, 11453.1, 11462, 11486, 12200.5, 14005.37, 14011.1, 14011.2, 14107.12, 15125, 15204.4, 15204.5, 15525, 17720, 18326, 18900, 18901.3, 18901.4, 18901.5, 18901.6, 18901.7, 18901.8, 18904.1, 18904.25, 18904.3, 18904.35, 18905, 18906, 18906.5, 18906.55, 18907, 18908, 18910, 18911, 18914, 18915, 18918, 18923, 18925, 18926, 18930, 18931, 18955, 18986.20, 18986.24, 18988, 18993.3, and 19001 of, to amend the heading of Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of, to add Section 18900.2 to, and to repeal Sections 11521 and 11521.7 of, the Welfare and Institutions Code, relating to public social services.

[Approved by Governor September 6, 2011. Filed with  
Secretary of State September 6, 2011.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 1400, Committee on Human Services. Public social services.

Existing law provides for public social services programs, such as the CalWORKs program, the Medi-Cal program, Aid to Families with Dependent Children-Foster Care (AFDC-FC), and CalFresh.

This bill would delete various obsolete reporting requirements, and would make other corrections and technical changes to provisions relating to public social services.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) The United States Congress passed the Food, Conservation, and Energy Act of 2008 (Public Law 110-246), that included a provision that

renamed the federal Food Stamp Program as the Supplemental Nutrition Assistance Program, also known as SNAP.

(b) States could use this federal name or choose another. California, like many other states, chose to explore other naming options. In 2008, the Legislature passed Assembly Bill 433 (Chapter 625 of the Statutes of 2008), that required the State Department of Social Services, with the assistance of stakeholders, to develop a name for the Food Stamp program in California. As a result, in 2010, the department changed the name of the program to CalFresh.

(c) It is the purpose of this act to modify state statutes to reflect the name change in the program made by the department.

SEC. 2. Section 8499.5 of the Education Code is amended to read:

8499.5. (a) The department shall allocate child care funding pursuant to Chapter 2 (commencing with Section 8200) based on the amount of state and federal funding that is available.

(b) By May 30 of each year, upon approval by the county board of supervisors and the county superintendent of schools, each local planning council shall submit to the department the local priorities it has identified that reflect all child care needs in the county. To accomplish this, each local planning council shall do all of the following:

(1) Conduct an assessment of child care needs in the county no less than once every five years. The department shall define and prescribe data elements to be included in the needs assessment and shall specify the format for the data reporting. The needs assessment shall also include all factors deemed appropriate by the local planning council in order to obtain an accurate picture of the comprehensive child care needs in the county. The factors include, but are not limited to, all of the following:

(A) The needs of families eligible for subsidized child care.

(B) The needs of families not eligible for subsidized child care.

(C) The waiting lists for programs funded by the department and the State Department of Social Services.

(D) The need for child care for children determined by the child protective services agency to be neglected, abused, or exploited, or at risk of being neglected, abused, or exploited.

(E) The number of children in families receiving public assistance, including CalFresh benefits, housing support, and Medi-Cal, and assistance from the Healthy Families Program and the Temporary Assistance to Needy Families (TANF) program.

(F) Family income among families with preschool or schoolage children.

(G) The number of children in migrant agricultural families who move from place to place for work or who are currently dependent for their income on agricultural employment in accordance with subdivision (a) of, and paragraphs (1) and (2) of subdivision (b) of, Section 8231.

(H) The number of children who have been determined by a regional center to require services pursuant to an individualized family service plan, or by a local educational agency to require services pursuant to an individualized education program or an individualized family service plan.

(I) The number of children in the county by primary language spoken pursuant to the department's language survey.

(J) Special needs based on geographic considerations, including rural areas.

(K) The number of children needing child care services by age cohort.

(2) Document information gathered during the needs assessment which shall include, but need not be limited to, data on supply, demand, cost, and market rates for each category of child care in the county.

(3) Encourage public input in the development of the priorities. Opportunities for public input shall include at least one public hearing during which members of the public can comment on the proposed priorities.

(4) Prepare a comprehensive countywide child care plan designed to mobilize public and private resources to address identified needs.

(5) Conduct a periodic review of child care programs funded by the department and the Department of Social Services to determine if identified priorities are being met.

(6) Collaborate with subsidized and nonsubsidized child care providers, county welfare departments, human service agencies, regional centers, job training programs, employers, integrated child and family service councils, local and state children and families commissions, parent organizations, early start family resource centers, family empowerment centers on disability, local child care resource and referral programs, and other interested parties to foster partnerships designed to meet local child care needs.

(7) Design a system to consolidate local child care waiting lists, if a centralized eligibility list is not already in existence.

(8) Coordinate part-day programs, including state preschool and Head Start, with other child care and development services to provide full-day child care.

(9) Submit the results of the needs assessment and the local priorities identified by the local planning council to the board of supervisors and the county superintendent of schools for approval before submitting them to the department.

(10) Identify at least one, but not more than two, members to serve as part of the department team that reviews and scores proposals for the provision of services funded through contracts with the department. Local planning council representatives may not review and score proposals from the geographic area covered by their own local planning council. The department shall notify each local planning council whenever this opportunity is available.

(c) The department shall, in conjunction with the Department of Social Services and all appropriate statewide agencies and associations, develop guidelines for use by local planning councils to assist them in conducting needs assessments that are reliable and accurate. The guidelines shall include acceptable sources of demographic and child care data, and methodologies for assessing child care supply and demand.

(d) The department shall allocate funding within each county in accordance with the priorities identified by the local planning council of

that county and submitted to the department pursuant to this section, unless the priorities do not meet the requirements of state or federal law.

SEC. 3. Section 49561 of the Education Code is amended to read:

49561. (a) The department shall create a computerized data-matching system using existing databases from the department and the State Department of Health Care Services to directly certify recipients of CalFresh, the California Work Opportunity and Responsibility to Kids program (the CalWORKs program) (Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code), and other programs authorized for direct certification under federal law, for enrollment in the National School Lunch and School Breakfast Programs.

(b) The department shall design a process using an existing agency database that will conform with data from the State Department of Health Care Services to meet the direct certification requirements of the National School Lunch Act, as amended, pursuant to Chapter 13 (commencing with Section 1751) of Title 42 of the United States Code, and the federal Child Nutrition Act of 1966, as amended, pursuant to Chapter 13A (commencing with Section 1771) of Title 42 of the United States Code.

(c) The department shall design a process using computerized data pursuant to subdivision (a) that will maximize enrollment in school meal programs and improve program integrity while ensuring that pupil privacy safeguards remain in place. The State Department of Health Care Services shall conduct the data match of local school records and return a list to the department, including only the data fields submitted by the department and an indicator of program eligibility, as required by federal law.

(d) (1) Each state agency identified in subdivision (a) is responsible for the maintenance and protection of data received by their respective agency. The state agency that possesses the data shall follow privacy and confidentiality procedures consistent with all applicable state and federal law. To the extent permitted by state and federal law, the department and the State Department of Health Care Services may review the data only for the purposes of improving the effectiveness of the data matches made pursuant to this section and Section 49562.

(2) Notwithstanding Section 10850 of the Welfare and Institutions Code, data that identify applicants for, or recipients of, public social services, may be transferred from existing databases maintained by the State Department of Health Care Services, in order to directly certify recipients of CalFresh, the CalWORKs program, and other programs authorized for direct certification under federal law, in compliance with subdivision (a). The Legislature hereby finds and declares that this paragraph is declaratory of existing law.

(e) The department shall determine the availability of and request or apply for, as appropriate, federal funds to assist the state in implementing new direct certification requirements mandated by federal law.

(f) This section shall become operative upon receipt of federal funds to assist the state in implementing new direct certification requirements mandated by federal law.

SEC. 4. Section 17508 of the Family Code is amended to read:

17508. (a) The Employment Development Department shall, when requested by the Department of Child Support Services local child support agency, or, the Franchise Tax Board for purposes of administering Article 5 (commencing with Section 19271) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code, the federal Parent Locator Service, or the California Parent Locator Service, provide access to information collected pursuant to Division 1 (commencing with Section 100) of the Unemployment Insurance Code to the requesting department or agency for purposes of administering the child support enforcement program, and for purposes of verifying employment of applicants and recipients of aid under this chapter or CalFresh under Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of the Welfare and Institutions Code.

(b) (1) To the extent possible, the Employment Development Department shall share information collected under Sections 1088.5 and 1088.8 of the Unemployment Insurance Code immediately upon receipt. This sharing of information may include electronic means.

(2) This subdivision shall not authorize the Employment Development Department to share confidential information with any individuals not otherwise permitted by law to receive the information or preclude batch runs or comparisons of data.

SEC. 5. Section 17600 of the Family Code is amended to read:

17600. (a) The Legislature finds and declares all of the following:

(1) The Legislative Analyst has found that county child support enforcement programs provide a net increase in revenues to the state.

(2) The state has a fiscal interest in ensuring that county child support enforcement programs perform efficiently.

(3) The state does not provide information to counties on child support enforcement programs, based on common denominators that would facilitate comparison of program performance.

(4) Providing this information would allow county officials to monitor program performance and to make appropriate modifications to improve program efficiency.

(5) This information is required for effective management of the child support program.

(b) Except as provided in this subdivision commencing with the 1998–99 fiscal year, and for each fiscal year thereafter, each county that is participating in the state incentive program described in Section 17704 shall provide to the department, and the department shall compile from this county child support information, monthly and annually, all of the following performance-based data, as established by the federal incentive funding system, provided that the department may revise the data required by this paragraph in order to conform to the final federal incentive system data definitions:

(1) One of the following data relating to paternity establishment, as required by the department, provided that the department shall require all counties to report on the same measurement:

(A) The total number of children in the caseload governed by Part D (commencing with Section 451) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 651 et seq.), as of the end of the federal fiscal year, who were born to unmarried parents for whom paternity was established or acknowledged, and the total number of children in that caseload, as of the end of the preceding federal fiscal year, who were born to unmarried parents.

(B) The total number of minor children who were born in the state to unmarried parents for whom paternity was established or acknowledged during a federal fiscal year, and the total number of children in the state born to unmarried parents during the preceding calendar year.

(2) The number of cases governed by Part D (commencing with Section 451) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 651 et seq.) during the federal fiscal year and the total number of those cases with support orders.

(3) The total dollars collected during the federal fiscal year for current support in cases governed by Part D (commencing with Section 451) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 651 et seq.) and the total number of dollars owing for current support during that federal fiscal year in cases governed by those provisions.

(4) The total number of cases for the federal fiscal year governed by Part D (commencing with Section 451) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 651 et seq.) in which payment was being made toward child support arrearages and the total number of cases for that fiscal year governed by these federal provisions that had child support arrearages.

(5) The total number of dollars collected and expended during a federal fiscal year in cases governed by Part D (commencing with Section 451) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 651 et seq.).

(6) The total amount of child support dollars collected during a federal fiscal year, and, if and when required by federal law, the amount of these collections broken down by collections distributed on behalf of current recipients of federal Temporary Assistance for Needy Families block grant funds or federal foster care funds, on behalf of former recipients of federal Temporary Assistance for Needy Families block grant funds or federal foster care funds, or on behalf of persons who have never been recipients of these federal funds.

(c) In addition to the information required by subdivision (b), the department shall collect, on a monthly basis, from each county that is participating in the state incentive program described in Section 17704, information on the local child support agency for each federal fiscal year, and shall report semiannually on all of the following performance measurements:

(1) The percentage of cases with collections of current support. This percentage shall be calculated by dividing the number of cases with an order for current support by the number of those cases with collections of current support. The number of cases with support collected shall include only the number of cases actually receiving a collection, not the number of payments

received. Cases with a medical support order that do not have an order for current support may not be counted.

(2) The average amount collected per case for all cases with collections.

(3) The percentage of cases that had a support order established during the period. A support order shall be counted as established only when the appropriate court has issued an order for child support, including an order for temporary child support, or an order for medical support.

(4) The total cost of administering the local child support agency, including the federal, state, and county share of the costs, and the federal and state incentives received by each county. The total cost of administering the program shall be broken down by the following:

(A) The direct costs of the program, broken down further by total employee salaries and benefits, a list of the number of employees broken down into at least the following categories: attorneys, administrators, caseworkers, investigators, and clerical support; contractor costs; space charges; and payments to other county agencies. Employee salaries and numbers need only be reported in the annual report.

(B) The indirect costs, showing all overhead charges.

(5) In addition, the local child support agency shall report monthly on measurements developed by the department that provide data on the following:

(A) Locating obligors.

(B) Obtaining and enforcing medical support.

(C) Providing customer service.

(D) Any other measurements that the director determines to be an appropriate determination of a local child support agency's performance.

(6) A county may apply for an exemption from any or all of the reporting requirements of this subdivision for a fiscal year by submitting an application for the exemption to the department at least three months prior to the commencement of the fiscal year or quarter for which the exemption is sought. A county shall provide a separate justification for each data element under this subdivision for which the county is seeking an exemption and the cost to the county of providing the data. The department may not grant an exemption for more than one year. The department may grant a single exemption only if both of the following conditions are met:

(A) The county cannot compile the data being sought through its existing automated system or systems.

(B) The county cannot compile the data being sought through manual means or through an enhanced automated system or systems without significantly harming the child support collection efforts of the county.

(d) After implementation of the statewide automated system, in addition to the information required by subdivision (b), the Department of Child Support Services shall collect, on a monthly basis, from each county that is participating in the state incentive program described in Section 17704, information on the county child support enforcement program beginning with the 1998–99 fiscal year or a later fiscal year, as appropriate, and for

each subsequent fiscal year, and shall report semiannually on all of the following measurements:

(1) For each of the following support collection categories, the number of cases with support collected shall include only the number of cases actually receiving a collection, not the number of payments received.

(A) (i) The number of cases with collections for current support.

(ii) The number of cases with arrears collections only.

(iii) The number of cases with both current support and arrears collections.

(B) For cases with current support only due:

(i) The number of cases in which the full amount of current support owed was collected.

(ii) The number of cases in which some amount of current support, but less than the full amount of support owed, was collected.

(iii) The number of cases in which no amount of support owed was collected.

(C) For cases in which arrears only were owed:

(i) The number of cases in which all arrears owed were collected.

(ii) The number of cases in which some amount of arrears, but less than the full amount of arrears owed, were collected.

(iii) The number of cases in which no amount of arrears owed were collected.

(D) For cases in which both current support and arrears are owed:

(i) The number of cases in which the full amount of current support and arrears owed were collected.

(ii) The number of cases in which some amount of current support and arrears, but less than the full amount of support owed, were collected.

(iii) The number of cases in which no amount of support owed was collected.

(E) The total number of cases in which an amount was due for current support only.

(F) The total number of cases in which an amount was due for both current support and arrears.

(G) The total number of cases in which an amount was due for arrears only.

(H) For cases with current support due, the number of cases without orders for medical support and the number of cases with an order for medical support.

(2) The number of alleged fathers or obligors who were served with a summons and complaint to establish paternity or a support order, and the number of alleged fathers or obligors for whom it is required that paternity or a support order be established. In order to be counted under this paragraph, the alleged father or obligor shall be successfully served with process. An alleged father shall be counted under this paragraph only once if he is served with process simultaneously for both a paternity and a support order proceeding for the same child or children. For purposes of this paragraph, a support order shall include a medical support order.

(3) The number of new asset seizures or successful initial collections on a wage assignment for purposes of child support collection. For purposes of this paragraph, a collection made on a wage assignment shall be counted only once for each wage assignment issued.

(4) The number of children requiring paternity establishment and the number of children for whom paternity has been established during the period. Paternity may only be established once for each child. Any child for whom paternity is not at issue shall not be counted in the number of children for whom paternity has been established. For this purpose, paternity is not at issue if the parents were married and neither parent challenges paternity or a voluntary paternity declaration has been executed by the parents prior to the local child support agency obtaining the case and neither parent challenges paternity.

(5) The number of cases requiring that a support order be established and the number of cases that had a support order established during the period. A support order shall be counted as established only when the appropriate court has issued an order for child support, including an order for temporary child support, or an order for medical support.

(6) The total cost of administering the local child support agency, including the federal, state, and county share of the costs and the federal and state incentives received by each county. The total cost of administering the program shall be broken down by the following:

(A) The direct costs of the program, broken down further by total employee salaries and benefits, a list of the number of employees broken down into at least the following categories: attorneys, administrators, caseworkers, investigators, and clerical support; contractor costs; space charges; and payments to other county agencies. Employee salaries and numbers need only be reported in the annual report.

(B) The indirect costs, showing all overhead charges.

(7) The total child support collections due, broken down by current support, interest on arrears, and principal, and the total child support collections that have been collected, broken down by current support, interest on arrears, and principal.

(8) The actual case status for all cases in the county child support enforcement program. Each case shall be reported in one case status only. If a case falls within more than one status category, it shall be counted in the first status category of the list set forth below in which it qualifies. The following shall be the case status choices:

(A) No support order, location of obligor parent required.

(B) No support order, alleged obligor parent located and paternity required.

(C) No support order, location and paternity not at issue but support order must be established.

(D) Support order established with current support obligation and obligor is in compliance with support obligation.

(E) Support order established with current support obligation, obligor is in arrears, and location of obligor is necessary.

(F) Support order established with current support obligation, obligor is in arrears, and location of obligor's assets is necessary.

(G) Support order established with current support obligation, obligor is in arrears, and no location of obligor or obligor's assets is necessary.

(H) Support order established with current support obligation, obligor is in arrears, the obligor is located, but the local child support agency has established satisfactorily that the obligor has no income or assets and no ability to earn.

(I) Support order established with current support obligation and arrears, obligor is paying the current support and is paying some or all of the interest on the arrears, but is paying no principal.

(J) Support order established for arrears only and obligor is current in repayment obligation.

(K) Support order established for arrears only, obligor is not current in arrears repayment schedule, and location of obligor is required.

(L) Support order established for arrears only, obligor is not current in arrears repayment schedule, and location of obligor's assets is required.

(M) Support order established for arrears only, obligor is not current in arrears repayment schedule, and no location of obligor or obligor's assets is required.

(N) Support order established for arrears only, obligor is not current in arrears repayment, and the obligor is located, but the local child support agency has established satisfactorily that the obligor has no income or assets and no ability to earn.

(O) Support order established for arrears only and obligor is repaying some or all of the interest, but no principal.

(P) Other, if necessary, to be defined in the regulations promulgated under subdivision (e).

(e) Upon implementation of the statewide automated system, or at the time that the department determines that compliance with this subdivision is possible, whichever is earlier, each county that is participating in the state incentive program described in Section 17704 shall collect and report, and the department shall compile for each participating county, information on the county child support program in each fiscal year, all of the following data, in a manner that facilitates comparison of counties and the entire state, except that the department may eliminate or modify the requirement to report any data mandated to be reported pursuant to this subdivision if the department determines that the local child support agencies are unable to accurately collect and report the information or that collecting and reporting of the data by the local child support agencies will be onerous:

(1) The number of alleged obligors or fathers who receive CalWORKs benefits, CalFresh benefits, and Medi-Cal benefits.

(2) The number of obligors or alleged fathers who are in state prison or county jail.

(3) The number of obligors or alleged fathers who do not have a social security number.

(4) The number of obligors or alleged fathers whose address is unknown.

(5) The number of obligors or alleged fathers whose complete name, consisting of at least a first and last name, is not known by the local child support agency.

(6) The number of obligors or alleged fathers who filed a tax return with the Franchise Tax Board in the last year for which a data match is available.

(7) The number of obligors or alleged fathers who have no income reported to the Employment Development Department during the third quarter of the fiscal year.

(8) The number of obligors or alleged fathers who have income between one dollar (\$1) and five hundred dollars (\$500) reported to the Employment Development Department during the third quarter of the fiscal year.

(9) The number of obligors or alleged fathers who have income between five hundred one dollars (\$501) and one thousand five hundred dollars (\$1,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(10) The number of obligors or alleged fathers who have income between one thousand five hundred one dollars (\$1,501) and two thousand five hundred dollars (\$2,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(11) The number of obligors or alleged fathers who have income between two thousand five hundred one dollars (\$2,501) and three thousand five hundred dollars (\$3,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(12) The number of obligors or alleged fathers who have income between three thousand five hundred one dollars (\$3,501) and four thousand five hundred dollars (\$4,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(13) The number of obligors or alleged fathers who have income between four thousand five hundred one dollars (\$4,501) and five thousand five hundred dollars (\$5,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(14) The number of obligors or alleged fathers who have income between five thousand five hundred one dollars (\$5,501) and six thousand five hundred dollars (\$6,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(15) The number of obligors or alleged fathers who have income between six thousand five hundred one dollars (\$6,501) and seven thousand five hundred dollars (\$7,500) reported to the Employment Development Department during the third quarter of the fiscal year.

(16) The number of obligors or alleged fathers who have income between seven thousand five hundred one dollars (\$7,501) and nine thousand dollars (\$9,000) reported to the Employment Development Department during the third quarter of the fiscal year.

(17) The number of obligors or alleged fathers who have income exceeding nine thousand dollars (\$9,000) reported to the Employment Development Department during the third quarter of the fiscal year.

(18) The number of obligors or alleged fathers who have two or more employers reporting earned income to the Employment Development Department during the third quarter of the fiscal year.

(19) The number of obligors or alleged fathers who receive unemployment benefits during the third quarter of the fiscal year.

(20) The number of obligors or alleged fathers who receive state disability benefits during the third quarter of the fiscal year.

(21) The number of obligors or alleged fathers who receive workers' compensation benefits during the third quarter of the fiscal year.

(22) The number of obligors or alleged fathers who receive Social Security Disability Insurance benefits during the third quarter of the fiscal year.

(23) The number of obligors or alleged fathers who receive Supplemental Security Income/State Supplementary Program for the Aged, Blind and Disabled benefits during the third quarter of the fiscal year.

(f) The department, in consultation with the Legislative Analyst's Office, the Judicial Council, the California Family Support Council, and child support advocates, shall develop regulations to ensure that all local child support agencies report the data required by this section uniformly and consistently throughout California.

(g) For each federal fiscal year, the department shall provide the information for all participating counties to each member of a county board of supervisors, county executive officer, local child support agency, and the appropriate policy committees and fiscal committees of the Legislature on or before June 30, of each fiscal year. The department shall provide data semiannually, based on the federal fiscal year, on or before December 31, of each year. The department shall present the information in a manner that facilitates comparison of county performance.

(h) For purposes of this section, "case" means a noncustodial parent, whether mother, father, or putative father, who is, or eventually may be, obligated under law for support of a child or children. For purposes of this definition, a noncustodial parent shall be counted once for each family that has a dependent child he or she may be obligated to support.

(i) This section shall be operative only for as long as Section 17704 requires participating counties to report data to the department.

SEC. 6. Section 6276.08 of the Government Code is amended to read:

6276.08. Cable television subscriber information, confidentiality of, Section 637.5, Penal Code.

CalFresh, disclosure of information, Section 18909, Welfare and Institutions Code.

California AIDS Program, personal data, confidentiality, Section 120820, Health and Safety Code.

California Apple Commission, confidentiality of lists of persons, Section 75598, Food and Agricultural Code.

California Apple Commission, confidentiality of proprietary information from producers or handlers, Section 75633, Food and Agricultural Code.

California Asparagus Commission, confidentiality of lists of producers, Section 78262, Food and Agricultural Code.

California Asparagus Commission, confidentiality of proprietary information from producers, Section 78288, Food and Agricultural Code.

California Avocado Commission, confidentiality of information from handlers, Section 67094, Food and Agricultural Code.

California Avocado Commission, confidentiality of proprietary information from handlers, Section 67104, Food and Agricultural Code.

California Cherry Commission, confidentiality of proprietary information from producers, processors, shippers, or grower-handlers, Section 76144, Food and Agricultural Code.

California Children's Services Program, confidentiality of factor replacement therapy contracts, Section 123853, Health and Safety Code.

California Cut Flower Commission, confidentiality of lists of producers, Section 77963, Food and Agricultural Code.

California Cut Flower Commission, confidentiality of proprietary information from producers, Section 77988, Food and Agricultural Code.

California Date Commission, confidentiality of proprietary information from producers and grower-handlers, Section 77843, Food and Agricultural Code.

California Egg Commission, confidentiality of proprietary information from handlers or distributors, Section 75134, Food and Agricultural Code.

California Forest Products Commission, confidentiality of lists of persons, Section 77589, Food and Agricultural Code.

California Forest Products Commission, confidentiality of proprietary information from producers, Section 77624, Food and Agricultural Code.

California Iceberg Lettuce Commission, confidentiality of information from handlers, Section 66624, Food and Agricultural Code.

California Kiwifruit Commission, confidentiality of proprietary information from producers or handlers, Section 68104, Food and Agricultural Code.

California Navel Orange Commission, confidentiality of proprietary information from producers or handlers and lists of producers and handlers, Section 73257, Food and Agricultural Code.

California Pepper Commission, confidentiality of lists of producers and handlers, Section 77298, Food and Agricultural Code.

California Pepper Commission, confidentiality of proprietary information from producers or handlers, Section 77334, Food and Agricultural Code.

California Pistachio Commission, confidentiality of proprietary information from producers or processors, Section 69045, Food and Agricultural Code.

California Salmon Commission, confidentiality of fee transactions records, Section 76901.5, Food and Agricultural Code.

California Salmon Commission, confidentiality of request for list of commercial salmon vessel operators, Section 76950, Food and Agricultural Code.

California Seafood Council, confidentiality of fee transaction records, Section 78553, Food and Agricultural Code.

California Seafood Council, confidentiality of information on volume of fish landed, Section 78575, Food and Agricultural Code.

California Sheep Commission, confidentiality of proprietary information from producers or handlers and lists of producers, Section 76343, Food and Agricultural Code.

California State University contract law, bids, questionnaires and financial statements, Section 10763, Public Contract Code.

California State University Investigation of Reported Improper Governmental Activities Act, confidentiality of investigative audits completed pursuant to the act, Section 89574, Education Code.

California Table Grape Commission, confidentiality of information from shippers, Section 65603, Food and Agricultural Code.

California Tomato Commission, confidentiality of lists of producers, handlers, and others, Section 78679, Food and Agricultural Code.

California Tomato Commission, confidentiality of proprietary information, Section 78704, Food and Agricultural Code.

California Tourism Marketing Act, confidentiality of information pertaining to businesses paying the assessment under the act, Section 13995.54.

California Victim Compensation and Government Claims Board, disclosure not required of records relating to assistance requests under Article 1 (commencing with Section 13950) of Chapter 5 of Part 4 of Division 3 of Title 2, Section 6254.17.

California Walnut Commission, confidentiality of lists of producers, Section 77101, Food and Agricultural Code.

California Walnut Commission, confidentiality of proprietary information from producers or handlers, Section 77154, Food and Agricultural Code.

California Wheat Commission, confidentiality of proprietary information from handlers and lists of producers, Section 72104, Food and Agricultural Code.

California Wheat Commission, confidentiality of requests for assessment refund, Section 72109, Food and Agricultural Code.

California Wine Commission, confidentiality of proprietary information from producers or vintners, Section 74655, Food and Agricultural Code.

California Wine Grape Commission, confidentiality of proprietary information from producers and vintners, Section 74955, Food and Agricultural Code.

SEC. 7. Section 6276.18 of the Government Code, as amended by Section 10 of Chapter 584 of the Statutes of 2009, is amended to read:

6276.18. Family Court, records, Section 1818, Family Law Code.

Farm product processor license, confidentiality of financial statements, Section 55523.6, Food and Agricultural Code.

Farm product processor licensee, confidentiality of grape purchases, Section 55601.5, Food and Agricultural Code.

Fee payer information, prohibition against disclosure by Board of Equalization and others, Section 55381, Revenue and Taxation Code.

Financial institutions, issuance of securities, reports and records of state agencies, subdivision (d), Section 6254.

Financial statements of insurers, confidentiality of information received, Section 925.3, Insurance Code.

Financial statements and questionnaires, of prospective bidders for the state, confidentiality of, Section 10165, Public Contract Code.

Financial statements and questionnaires, of prospective bidders for California State University contracts, confidentiality of, Section 10763, Public Contract Code.

Firearms, centralized list of exempted federal firearms licensees, disclosure of information compiled from, Section 12083, Penal Code.

Firearms, centralized list of dealers and licensees, disclosure of information compiled from, Section 12071, Penal Code.

Firearm license applications, subdivision (u), Section 6254.

Firearm sale or transfer, confidentiality of records, Section 12082, Penal Code.

Fishing and hunting licenses, confidentiality of names and addresses contained in records submitted to the Department of Fish and Game to obtain recreational fishing and hunting licenses, Section 1050.6, Fish and Game Code.

Foreign marketing of agricultural products, confidentiality of financial information, Section 58577, Food and Agricultural Code.

Forest fires, anonymity of informants, Section 4417, Public Resources Code.

Foster homes, identifying information, Section 1536, Health and Safety Code.

Franchise Tax Board, access to Franchise Tax Board information by the State Department of Social Services, Section 11025, Welfare and Institutions Code.

Franchise Tax Board, auditing, confidentiality of, Section 90005.

Franchises, applications, and reports filed with Commissioner of Corporations, disclosure and withholding from public inspection, Section 31504, Corporations Code.

Fur dealer licensee, confidentiality of records, Section 4041, Fish and Game Code.

SEC. 8. Section 6276.18 of the Government Code, as amended by Section 34 of Chapter 178 of the Statutes of 2010, is amended to read:

6276.18. Family Court, records, Section 1818, Family Code.

Farm product processor license, confidentiality of financial statements, Section 55523.6, Food and Agricultural Code.

Farm product processor licensee, confidentiality of grape purchases, Section 55601.5, Food and Agricultural Code.

Fee payer information, prohibition against disclosure by Board of Equalization and others, Section 55381, Revenue and Taxation Code.

Financial institutions, issuance of securities, reports and records of state agencies, subdivision (d), Section 6254.

Financial statements of insurers, confidentiality of information received, Section 925.3, Insurance Code.

Financial statements and questionnaires, of prospective bidders for the state, confidentiality of, Section 10165, Public Contract Code.

Financial statements and questionnaires, of prospective bidders for California State University contracts, confidentiality of, Section 10763, Public Contract Code.

Firearms, centralized list of exempted federal firearms licensees, disclosure of information compiled from, Sections 24850 to 24890, inclusive, Penal Code.

Firearms, centralized list of dealers and licensees, disclosure of information compiled from, Sections 26700 to 26915, inclusive, Penal Code.

Firearm license applications, subdivision (u), Section 6254.

Firearm sale or transfer, confidentiality of records, Chapter 5 (commencing with Section 28050) of Division 6 of Title 4 of Part 6, Penal Code.

Fishing and hunting licenses, confidentiality of names and addresses contained in records submitted to the Department of Fish and Game to obtain recreational fishing and hunting licenses, Section 1050.6, Fish and Game Code.

Foreign marketing of agricultural products, confidentiality of financial information, Section 58577, Food and Agricultural Code.

Forest fires, anonymity of informants, Section 4417, Public Resources Code.

Foster homes, identifying information, Section 1536, Health and Safety Code.

Franchise Tax Board, access to Franchise Tax Board information by the State Department of Social Services, Section 11025, Welfare and Institutions Code.

Franchise Tax Board, auditing, confidentiality of, Section 90005.

Franchises, applications, and reports filed with Commissioner of Corporations, disclosure and withholding from public inspection, Section 31504, Corporations Code.

Fur dealer licensee, confidentiality of records, Section 4041, Fish and Game Code.

SEC. 9. Section 16265.2 of the Government Code is amended to read: 16265.2. As used in this chapter:

(a) "County" means a county and a city and county.

(b) "County costs of eligible programs" means the amount of money other than federal and state funds, as reported by the State Department of Social Services to the Department of Finance or as derived from the Controller's "Annual Report of Financial Transactions Concerning Counties of California," that each county spends for each of the following:

(1) The Aid to Families with Dependent Children for Family Group and Unemployed Parents programs plus county administrative costs for each program minus the county's share of child support collections for each

program, as described in Sections 10100, 10101, and 11250 of, and subdivisions (a) and (b) of Section 15200 of, the Welfare and Institutions Code.

(2) The county share of the cost of service provided for the In-Home Supportive Services Program, as described in Sections 10100, 10101, and 12306 of the Welfare and Institutions Code.

(3) The community mental health program, as described in Section 5705 of the Welfare and Institutions Code.

(4) The county share of CalFresh, as described in Section 18906.5 of the Welfare and Institutions Code.

(c) “General purpose revenues” means revenues received by a county whose purpose is not restricted by state law to a particular purpose or program, as reported in the Controller’s “Annual Report of Financial Transactions Concerning Counties of California.” “General purpose revenues” are limited to all of the following:

(1) Property tax revenues, exclusive of those revenues dedicated to repay voter-approved indebtedness, received pursuant to Part 0.5 (commencing with Section 50) of Division 1 of the Revenue and Taxation Code, or received pursuant to Section 33401 of the Health and Safety Code.

(2) Sales tax revenues received pursuant to Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

(3) Any other taxes levied by a county.

(4) Fines and forfeitures.

(5) Licenses, permits, and franchises.

(6) Revenue derived from the use of money and property.

(7) Vehicle license fees received pursuant to Section 11005 of the Revenue and Taxation Code.

(8) Revenues from cigarette taxes received pursuant to Part 13 (commencing with Section 30001) of Division 2 of the Revenue and Taxation Code.

(9) Revenue received as open-space subventions pursuant to Chapter 3 (commencing with Section 16140) of Part 1.

(10) Revenue received as homeowners’ property tax exemption subventions pursuant to Chapter 2 (commencing with Section 16120) of Part 1.

(11) General revenue sharing funds received from the federal government.

“General purpose revenues” does not include revenues received by a county pursuant to Chapter 3 (commencing with Section 15200) of Part 6 of Division 3.

SEC. 10. Section 16367.5 of the Government Code is amended to read:

16367.5. The Department of Community Services and Development shall receive and administer the federal Low-Income Home Energy Assistance Program Block Grant, provided for pursuant to the Low-Income Home Energy Assistance Act of 1981, as amended (42 U.S.C. Sec. 8621 et seq.). The department shall afford local service providers maximum flexibility and control, within the parameters of federal and state law, in the planning, administration, and delivery of Low-Income Home Energy

Assistance Program Block Grant services. Local service providers shall be defined as private, nonprofit, and public agencies designated in accordance with Public Law 97-35, as amended. The formation of service regions beyond those that were in place in 1995, or those that were in place in Los Angeles County in January 1997, shall occur only with the concurrence of service providers within the proposed regions. The department shall allocate funds received as follows:

(a) For federal fiscal year 1998, up to 7.3 percent of the state's total federal allocation for the Low-Income Home Energy Assistance Program shall be retained by the Department of Community Services and Development for purposes of overall planning and administration. The department shall spend at least 2.3 percent of this 7.3 percent on activities to improve the administrative efficiency of the program. At least 2.7 percent of the state's total federal allocation of the Low-Income Home Energy Assistance Program shall be allocated to local service providers for purposes of planning and administration.

For federal fiscal year 1999, up to 6 percent of the state's total federal allocation of the Low-Income Home Energy Assistance Program shall be retained by the Department of Community Services and Development for purposes of overall planning and administration. The department shall spend at least 1 percent of this 6 percent on activities to improve the administrative efficiency of the program. At least 4 percent of the state's total federal allocation for the Low-Income Home Energy Assistance Program shall be allocated to local service providers for purposes of planning and administration.

Beginning in federal fiscal year 2000, up to 5 percent of the state's total federal allocation for the Low-Income Home Energy Assistance Program shall be retained by the Department of Community Services and Development for purposes of overall planning and administration. At least 5 percent of the state's total federal allocation for the Low-Income Home Energy Assistance Program shall be allocated to local service providers for purposes of planning and administration.

Upon achievement of administrative efficiencies, or no later than June 30, 2001, the department and the local service providers committee established pursuant to subdivision (j) shall examine the appropriate split of administrative funding between the state and local services providers necessary to achieve the intent of federal law regarding the Low-Income Home Energy Assistance Program. The department shall not retain more than 5 percent of the state's total federal allocation for the Low-Income Home Energy Assistance Program.

(b) Services under this section shall be available to households in which one or more individuals are receiving:

(1) Temporary Assistance for Needy Families under the state's plan approved under Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code.

(2) Supplemental Security Income payments under Title XVI of the federal Social Security Act (42 U.S.C. Sec. 1381 et seq.) and Chapter 3 (commencing with Section 12000) of Part 3 of Division 9 of the Welfare and Institutions Code.

(3) County general assistance under Part 5 (commencing with Section 17000) of Division 9 of the Welfare and Institutions Code.

(4) CalFresh benefits received under the federal Supplemental Nutrition Assistance Program of the federal Food and Nutrition Act of 2008 pursuant to Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of the Welfare and Institutions Code.

(5) Payments under Section 415, 521, 541, or 542 of Title 38 of the United States Code, or under Section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978.

(6) Households with incomes that do not exceed the greater of:

(A) An amount equal to 150 percent of the poverty level for this state.

(B) An amount equal to 60 percent of the state median income, except that no household may be excluded from eligibility solely on the basis of household income if that income is less than 110 percent of the poverty level for this state, but priority may be given to those households with the highest home energy costs or needs in relation to household income.

(c) An amount of not less than 15 percent and up to the maximum allowed by federal law of the total federal allocation shall be allocated for weatherization services for eligible individuals. For each program year, to the extent that the state is eligible, the Department of Community Services and Development shall apply to the appropriate federal agencies for any waivers that may be necessary to ensure that the amount available for the purposes of this subdivision will be the maximum amount allowable under federal law. For the purposes of this subdivision, weatherization shall include all energy conservation measures and energy efficient appliances that are cost effective and improve energy efficiency. The department shall allocate 5 percent of the weatherization program allocation to local service providers for outreach and related activities.

(d) At the discretion of local service providers, the state shall allocate the maximum amount allowable under federal law to local service providers to provide services that encourage and enable households to reduce their home energy needs, thus reducing the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, in accordance with Section 2605(b)(16) of Public Law 97-35, as amended.

(e) Based on data from prior years, a reasonable amount of available funds, as determined jointly by the department and the local service providers, shall be reserved until March 15 of each program year for the Energy Crisis Intervention Program. Local service providers shall submit proposed funding levels with supporting data to the department in a timely manner for inclusion in the state plan. The department shall approve local funding requests that are determined to be in compliance with federal law. These funds shall only be used for emergency assistance to eligible

individuals for programs specified in this subdivision, who give evidence of one or more of the following conditions:

- (1) Proof of utility shutoff notice.
- (2) Proof of energy termination.
- (3) Insufficient funds to establish a new energy account.
- (4) Insufficient funds to pay a delinquent utility bill.
- (5) Insufficient funds to pay the cost of space heating devices where no alternative source of space heating is reasonably available.
- (6) Insufficient funds to pay for essential firewood, oil, or propane.
- (7) Insufficient funds to pay for the cost of emergency repairs to heating and cooling units, the emergency replacement of heating and cooling units, or both.
- (8) Insufficient funds to pay energy costs for a household where a household member's medical condition requires use of life support or climate and temperature control systems.
- (9) Other conditions that may be included in the state plan.

The energy crisis intervention program shall not include advocacy, community mobilization, or community planning. After March 15 of each program year, local administrative agencies shall have the option of continuing to offer energy crisis intervention services or of reallocating a portion of or all unspent energy crisis intervention funds into direct assistance payment services.

The department shall allocate 5 percent of the energy crisis intervention program allocation to the local service providers for outreach and related services.

The Department of Community Services and Development shall retain all funds associated with Energy Crisis Intervention Program payments for gas and electric utility service, and shall make payments for eligible households' gas or electric service accounts directly to the utilities. The department may use alternative payment methods when direct payments to the utilities have not been arranged.

(f) The remainder of the total federal allocation shall be utilized for aid for home energy costs for direct assistance payments. The department shall retain all funds associated with Home Energy Assistance Program direct assistance payments for gas and electric utility service, and shall make payments for eligible households' gas or electric service accounts directly to the utilities. The department may use alternative payment methods when direct payments to the utilities have not been arranged.

(g) The Department of Community Services and Development shall contract with local public or private nonprofit agencies, or both, to provide outreach, intake, and other activities to enroll eligible individuals in the program components prescribed by this section.

(h) The program components provided for in this section shall include activities to enroll households that have the highest home energy needs as determined by taking into account both the energy burden of these households, and the unique situation of these households that results from having members of vulnerable populations, including very young children,

individuals with disabilities, and frail older individuals, as provided for by Section 2603(3) of Public Law 97-35, as amended, and to educate recipients about general energy conservation practices and about the availability of state and utility programs for free weatherization of low-income homes.

(i) The department shall allocate 5 percent of the direct assistance payment funds to the local service providers for outreach and related services in operating the direct home energy assistance payment program.

(j) The department shall establish a local service providers committee to act in an advisory capacity in the development of the annual Low-Income Home Energy Assistance Program state plan. The membership of the committee shall include one voting representative chosen by each local service provider that has a Low-Income Home Energy Assistance Program contract with the state and one representative of each interested utility company. Each local service provider may, at its option, assign its vote in writing to another entity, such as a provider association, to represent its interests.

(k) By June 30, 1998, the Department of Community Services and Development shall submit a plan to the California Health and Human Services Agency to reduce state administrative costs by January 1, 2000, to no more than 5 percent of the total federal allocation for the Low-Income Home Energy Assistance Program. This plan shall be developed in consultation with the local service providers committee and shall include measurable objectives, milestones, and timelines.

It shall also include, among other strategies, a plan to automate a substantial portion of the Low-Income Home Energy Assistance Program by no later than January 1, 2001. The department shall consult with the Department of Finance and the Health and Welfare Data Center in developing this automation technology.

The Department of Community Services and Development shall provide quarterly status updates to the California Health and Human Services Agency and the local service providers committee established pursuant to subdivision (j) on progress made in implementing the plans and achieving the objectives and milestones specified in this subdivision. On an annual basis, from the year 1999 to the year 2001, the department shall appear before the Legislature and provide a status report on its efforts to achieve increased administrative efficiency.

SEC. 11. Section 104585 of the Health and Safety Code is amended to read:

104585. (a) The department shall assess the availability and adequacy of existing state and local food and nutrition data systems. All state departments and agencies that are required to provide data pursuant to this article are encouraged to participate to the fullest extent possible in all aspects of this program and to make their data available to counties upon request.

(b) The state departments from which existing data shall be provided for project purposes shall include the State Departments of Public Health, Aging, Education, and Social Services. Upon request of the department, these

departments shall provide existing nutrition-related data collection forms, documentation, and reports, including, but not limited to, the following programs:

(1) In the Department of Aging: Congregate Nutrition Services, Home Delivered Nutrition Services, and the Brown Bag Network.

(2) In the State Department of Education: National School Lunch Program, the National School Breakfast Program, the Child Care Food Program, the Special Milk Program, the Nutrition Education and Training Program, and the various commodities programs.

(3) In the department: Special Supplemental Food Program for Women, Infants and Children (WIC), the Comprehensive Perinatal Care Program, the Genetics Disease Program, the Child Health and Disability Prevention Program, California Children's Services, County Health Services, Primary Health Services Development, Indian Health Program, Medical Care Services (Medi-Cal), Adult Health, and Vital Statistics.

(4) In the State Department of Social Services: CalFresh.

(c) The department may require any other state agency, department, board, or commission, with the exception of the University of California, to provide existing nutrition-related data, as described in this article. The department may request the University of California to provide this data in the case of the University of California Cooperative Extension Program, the Home Economics Program, and the Expanded Food and Nutrition Education Program. Additionally, other programs in local government and the private sector, such as local public health and social services departments, food banks, pantries, and meal programs, voluntary health organizations, and charitable social service agencies shall be encouraged to provide available nutrition monitoring information.

SEC. 12. Section 104601 of the Health and Safety Code is amended to read:

104601. (a) The department, in consultation with the Department of Food and Agriculture, shall develop a "Healthy Food Purchase" pilot program to increase the sale and purchase of fresh fruits and vegetables in low-income communities.

(b) The total number of counties included in the pilot program shall not exceed seven.

(c) The department, in consultation with the Department of Food and Agriculture, shall design the program to include the following two components:

(1) Strategies aimed at small grocers in targeted low-income neighborhoods to increase the offerings of fresh fruits and vegetables in those communities. In selected pilot program communities, the department shall provide targeted food retailers with support or assistance to obtain refrigerated produce display cases through the assessment of the feasibility of a variety of financing methods, including, but not limited to, leasing, lending, small business and economic development support, and other time-limited strategies. The department shall also provide technical assistance to targeted retailers on the purchase, storage, marketing, and display of fresh

produce. The department shall use available federal funds for this technical assistance, where appropriate.

(2) Strategies aimed at CalFresh recipients to increase their purchase of fresh fruits and vegetables by making those products more affordable, including the development and implementation of financial incentives. The department, in consultation with the State Department of Social Services, shall seek any necessary federal government approvals to allow use of the CalFresh Electronic Benefits Card, as provided in Chapter 3 (commencing with Section 10065) of Part 1 of Division 9 of the Welfare and Institutions Code, to provide those incentives, and to implement the pilot program.

(d) In developing the pilot program, the department shall include all of the following:

(1) At least one county that is above the CalFresh average county participation.

(2) At least one county that is below the CalFresh average county participation.

(3) At least one county with high above-average rates of poverty, food insecurity, or obesity.

(4) At least one urban county.

(5) At least one rural county.

(e) The department shall consider all of the following in choosing counties to participate in the program:

(1) The level of need in the community.

(2) The size of the CalFresh population.

(3) The need for geographic diversity.

(4) The availability of technology in targeted food retailers to collect the data necessary to evaluate the pilot program.

(f) The department shall seek all necessary approvals to establish the pilot program, and shall apply for available federal matching funds to support the work of the pilot program.

(g) The department shall develop, in consultation with the United States Department of Agriculture's Economic Research Service, a process for evaluating the effectiveness of the pilot program. The evaluation shall examine the impact of the various strategies employed in the pilot program on the purchase of fresh produce and on any increase in retailer space devoted to the sale of fresh fruits and vegetables, and the effect this has on retailer profitability. The evaluation also shall test alternatives to the reliance on uniform product codes for identification of fresh produce deemed eligible for financial incentives. The department shall contract with an independent external evaluator to conduct this evaluation. The department shall make recommendations to the Legislature regarding the continuation of the pilot program, and any state and federal policy changes needed to support the goals of the pilot program.

(h) The department may, on or after July 1, 2009, implement this article to the extent that the Department of Finance determines that there are sufficient funds available for that purpose from any source, including state funds, federal funds, excluding federal block grant funds awarded to

California pursuant to the Specialty Crops Competitiveness Act of 2004 (Public Law 108-465), and future awards of block grant funds intended to improve the competitiveness of the specialty crop industry, or funds from grants or private donations.

(i) Notwithstanding any other provision of law, no General Fund moneys shall be used to fund the program.

(j) This article shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

SEC. 13. Section 123310 of the Health and Safety Code is amended to read:

123310. The department, under any program established pursuant to this article, shall authorize retail food vendors, by written agreement, to accept nutrition coupons and reimbursement according to the system developed by the department. The department shall authorize an appropriate number and distribution of food vendors in order to ensure adequate participant convenience and access and to ensure that state or local officials can effectively manage review of authorized food vendors in their jurisdictions. The department shall establish criteria to limit the number of retail food vendors with which the department enters into agreements. The criteria, at a minimum, shall include:

(a) The prices the vendor charges for foods in relation to other vendors in its peer group. For purposes of this subdivision, “peer group” means a group of vendors with similar characteristics that may include, but shall not be limited to, any or all of the following:

- (1) Geographic location of the store.
- (2) Store size.
- (3) Type of store.
- (4) Number of cash registers.
- (5) Sales volume relating to any program established pursuant to this article.

(6) Gross sales volume.

(7) Inventory.

(8) Other vendor characteristics established by the department.

(b) The ability of the department to ensure that authorized supplemental foods will be provided through in-store compliance purchases.

(c) The adequacy of the shelf stock of the authorized supplemental foods.

(d) Past performance of the vendor in compliance with this article and with CalFresh.

SEC. 14. Section 123325 of the Health and Safety Code is amended to read:

123325. A retail food vendor or any other person who knowingly redeems coupons in excess of the price charged other customers for identical foods, or who provides anything of value other than the specified foods, or who fails to provide inventory records to substantiate purchases for resale of authorized supplemental foods is subject to all sanctions set forth in federal regulation for the Special Supplemental Food Program for Women,

Infants, and Children, that is provided for in Section 246 and following of Title 7 of the Code of Federal Regulations. The department may disqualify a food vendor who is currently disqualified from CalFresh.

SEC. 15. Section 396.5 of the Penal Code is amended to read:

396.5. It shall be unlawful for any retail food store or wholesale food concern, as defined in Section 3(k) of the federal Food and Nutrition Act of 2008 (Public Law 95-113) (7 U.S.C. Sec. 2012(k)), or any person, to sell, furnish or give away any goods or services, other than those items authorized by the Food Stamp Act of 1964, as amended (Public Law 88-525) (Chapter 51 (commencing with Section 2011) of Title 7 of the United States Code), in exchange for CalFresh benefits issued pursuant to Chapter 10 (commencing with Section 18900), Part 6, Division 9 of the Welfare and Institutions Code.

Any violator of this section is guilty of a misdemeanor and shall be punished by a fine of not more than five thousand dollars (\$5,000) or by imprisonment in the county jail not exceeding 90 days, or by both that fine and imprisonment.

SEC. 16. Section 1203.049 of the Penal Code is amended to read:

1203.049. (a) Except in unusual cases where the interest of justice would best be served if the person is granted probation, probation shall not be granted to any person who violates subdivision (f) or (g) of Section 10980 of the Welfare and Institutions Code, when the violation has been committed by means of the electronic transfer of CalFresh benefits, and the amount of the electronically transferred CalFresh benefits exceeds one hundred thousand dollars (\$100,000).

(b) The fact that the violation was committed by means of an electronic transfer of CalFresh benefits and the amount of the electronically transferred CalFresh benefits exceeds one hundred thousand dollars (\$100,000) shall be alleged in the accusatory pleading, and either admitted by the defendant in open court, or found to be true by the jury trying the issue of guilt or by the court where guilt is established by a plea of guilty or nolo contendere or by trial by the court sitting without a jury.

(c) If probation is granted, the court shall specify on the record and shall enter on the minutes the circumstances indicating that the interests of justice would best be served by that disposition of the case.

SEC. 17. Section 6373 of the Revenue and Taxation Code is amended to read:

6373. (a) There are exempted from the taxes imposed by this part the gross receipts from the sale of, and the storage, use, or other consumption in this state of tangible personal property the gross receipts of which are received in the form of CalFresh benefits acquired by the purchaser pursuant to the federal Food and Nutrition Act of 2008 (Chapter 51 (commencing with Section 2011) of Title 7 of the United States Code), including subsequent amendments thereto.

(b) When the gross receipts from a sale of tangible personal property are received partly in the form of cash and partly in the form of CalFresh benefits, the amount of the CalFresh benefits shall be attributed first to gross

receipts which would have been subject to the taxes imposed by this part if payment were not received in the form of CalFresh benefits.

(c) A retailer shall not add to the sale price of tangible personal property any amount designated as sales tax, use tax, or sales tax reimbursement when the sale is exempt pursuant to this section.

(d) In lieu of separately accounting for gross receipts which are exempt pursuant to this section and taking a deduction on sales tax returns for the exact amount of those gross receipts, the board may provide, for the efficient administration of this part, an alternative method that retailers may use to compute the allowable deduction for the total amount of CalFresh benefits redeemed during the period for which the return is filed, provided that method results in a deduction the amount of which is at least equal to 2 percent of the total amount of CalFresh benefits redeemed.

(e) This section is repealed on the first day of the first calendar month immediately following the effective date of any federal act which repeals those provisions which prohibit the state from participating in the federal Supplemental Nutrition Assistance Program if sales taxes are imposed within the state on purchases made with CalFresh benefits.

SEC. 18. Section 17053.34 of the Revenue and Taxation Code is amended to read:

17053.34. (a) For each taxable year beginning on or after January 1, 1998, there shall be allowed a credit against the "net tax" (as defined in Section 17039) to a qualified taxpayer who employs a qualified employee in a targeted tax area during the taxable year. The credit shall be equal to the sum of each of the following:

- (1) Fifty percent of qualified wages in the first year of employment.
- (2) Forty percent of qualified wages in the second year of employment.
- (3) Thirty percent of qualified wages in the third year of employment.
- (4) Twenty percent of qualified wages in the fourth year of employment.
- (5) Ten percent of qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the qualified taxpayer during the taxable year to qualified employees that does not exceed 150 percent of the minimum wage.

(B) Wages received during the 60-month period beginning with the first day the employee commences employment with the qualified taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(C) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the targeted tax area expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the qualified taxpayer within the targeted tax area within the 60-month period prior to the targeted tax area expiration date shall continue to qualify for the credit under this section after the targeted tax area

expiration date, in accordance with all provisions of this section applied as if the targeted tax area designation were still in existence and binding.

(2) “Minimum wage” means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) “Targeted tax area expiration date” means the date the targeted tax area designation expires, is revoked, is no longer binding, or becomes inoperative.

(4) (A) “Qualified employee” means an individual who meets all of the following requirements:

(i) At least 90 percent of his or her services for the qualified taxpayer during the taxable year are directly related to the conduct of the qualified taxpayer’s trade or business located in a targeted tax area.

(ii) Performs at least 50 percent of his or her services for the qualified taxpayer during the taxable year in a targeted tax area.

(iii) Is hired by the qualified taxpayer after the date of original designation of the area in which services were performed as a targeted tax area.

(iv) Is any of the following:

(I) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was a person eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.

(II) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.

(III) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was an economically disadvantaged individual 14 years of age or older.

(IV) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was a dislocated worker who meets any of the following:

(aa) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(bb) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the

area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(ee) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(ff) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(hh) Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.

(V) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(VI) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilty.

(VII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible for or a recipient of any of the following:

(aa) Federal Supplemental Security Income benefits.

(bb) Aid to Families with Dependent Children.

(cc) CalFresh benefits.

(dd) State and local general assistance.

(VIII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(IX) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a resident of a targeted tax area.

(X) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a targeted group as defined in Section 51(d) of the Internal Revenue Code, or its successor.

(B) Priority for employment shall be provided to an individual who is enrolled in a qualified program under the federal Job Training Partnership Act or the Greater Avenues for Independence Act of 1985 or who is eligible as a member of a targeted group under the Work Opportunity Tax Credit (Section 51 of the Internal Revenue Code), or its successor.

(5) (A) “Qualified taxpayer” means a person or entity that meets both of the following:

(i) Is engaged in a trade or business within a targeted tax area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(ii) Is engaged in those lines of business described in Codes 2000 to 2099, inclusive; 2200 to 3999, inclusive; 4200 to 4299, inclusive; 4500 to 4599, inclusive; and 4700 to 5199, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(B) In the case of any passthrough entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section or Section 23634 shall be allowed to the passthrough entity and passed through to the partners or shareholders in accordance with applicable provisions of this part or Part 11 (commencing with Section 23001). For purposes of this subdivision, the term “passthrough entity” means any partnership or S corporation.

(6) “Seasonal employment” means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) If the qualified taxpayer is allowed a credit for qualified wages pursuant to this section, only one credit shall be allowed to the taxpayer under this part with respect to those qualified wages.

(d) The qualified taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the targeted tax area, a certification that provides that a qualified employee meets the eligibility requirements specified in clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to subdivision (g) of Section 7097 of the Government Code, and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(e) (1) For purposes of this section:

(A) All employees of trades or businesses, which are not incorporated, that are under common control shall be treated as employed by a single taxpayer.

(B) The credit, if any, allowable by this section with respect to each trade or business shall be determined by reference to its proportionate share of the expense of the qualified wages giving rise to the credit, and shall be allocated in that manner.

(C) Principles that apply in the case of controlled groups of corporations, as specified in subdivision (d) of Section 23634, shall apply with respect to determining employment.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the “predecessor”) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (f)) for any calendar year ending after that acquisition, the employment relationship between a qualified employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(f) (1) (A) If the employment, other than seasonal employment, of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the qualified taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the qualified taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified employee commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified employee commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified employee.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of a qualified employee who voluntarily leaves the employment of the qualified taxpayer.

(ii) A termination of employment of a qualified employee who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled and unable to perform the services of that employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer reemployment to that employee.

(iii) A termination of employment of a qualified employee, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that employee.

(iv) A termination of employment of a qualified employee due to a substantial reduction in the trade or business operations of the qualified taxpayer.

(v) A termination of employment of a qualified employee, if that employee is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified employee who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified employee who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified employee.

(iii) A failure to continue the seasonal employment of a qualified employee, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified employee.

(iv) A failure to continue seasonal employment of a qualified employee due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified employee, if that qualified employee is replaced by other qualified employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the qualified taxpayer and a qualified employee shall not be treated as terminated by reason of a mere change in the form of conducting the trade or business of the qualified taxpayer, if the qualified employee continues to be employed in that trade or business and the qualified taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(g) In the case of an estate or trust, both of the following apply:

(1) The qualified wages for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(2) Any beneficiary to whom any qualified wages have been apportioned under paragraph (1) shall be treated, for purposes of this part, as the employer with respect to those wages.

(h) For purposes of this section, “targeted tax area” means an area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(i) In the case where the credit otherwise allowed under this section exceeds the “net tax” for the taxable year, that portion of the credit that exceeds the “net tax” may be carried over and added to the credit, if any, in succeeding taxable years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(j) (1) The amount of the credit otherwise allowed under this section and Section 17053.33, including any credit carryover from prior years, that may reduce the “net tax” for the taxable year shall not exceed the amount of tax that would be imposed on the qualified taxpayer’s business income attributable to the targeted tax area determined as if that attributable income represented all of the income of the qualified taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer’s California source business income that is apportioned to the targeted tax area. For that purpose, the taxpayer’s business income attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101) of Part 11. That business income shall be further apportioned to the targeted tax area in accordance with Article 2 (commencing with Section 25120) of Chapter 17 of Part 11, modified for purposes of this section in accordance with paragraph (3).

(3) Business income shall be apportioned to the targeted tax area by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer’s real and tangible personal property owned or rented and used in the targeted tax area during the taxable year, and the denominator of which is the average value of all the taxpayer’s real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the targeted tax area during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the “net tax” for the taxable year, as provided in subdivision (h).

(5) In the event that a credit carryover is allowable under subdivision (h) for any taxable year after the targeted tax area expiration date, the targeted tax area shall be deemed to remain in existence for purposes of computing the limitation specified in this subdivision.

SEC. 19. Section 17053.46 of the Revenue and Taxation Code is amended to read:

17053.46. (a) For each taxable year beginning on or after January 1, 1995, there shall be allowed as a credit against the “net tax” (as defined in Section 17039) to a qualified taxpayer for hiring a qualified disadvantaged individual or a qualified displaced employee during the taxable year for employment in the LAMBRA. The credit shall be equal to the sum of each of the following:

- (1) Fifty percent of the qualified wages in the first year of employment.
- (2) Forty percent of the qualified wages in the second year of employment.
- (3) Thirty percent of the qualified wages in the third year of employment.
- (4) Twenty percent of the qualified wages in the fourth year of employment.
- (5) Ten percent of the qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) “Qualified wages” means:

(A) That portion of wages paid or incurred by the employer during the taxable year to qualified disadvantaged individuals or qualified displaced employees that does not exceed 150 percent of the minimum wage.

(B) The total amount of qualified wages which may be taken into account for purposes of claiming the credit allowed under this section shall not exceed two million dollars (\$2,000,000) per taxable year.

(C) Wages received during the 60-month period beginning with the first day the individual commences employment with the taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(D) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the LAMBRA expiration date. However, wages paid or incurred with respect to qualified disadvantaged individuals or qualified displaced employees who are employed by the qualified taxpayer within the LAMBRA within the 60-month period prior to the LAMBRA expiration date shall continue to qualify for the credit under this section after the LAMBRA expiration date, in accordance with all provisions of this section applied as if the LAMBRA designation were still in existence and binding.

(2) “Minimum wage” means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) “LAMBRA” means a local agency military base recovery area designated in accordance with Section 7114 of the Government Code.

(4) “Qualified disadvantaged individual” means an individual who satisfies all of the following requirements:

(A) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer’s trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in the LAMBRA.

(B) Who is hired by the employer after the designation of the area as a LAMBRA in which the individual's services were primarily performed.

(C) Who is any of the following immediately preceding the individual's commencement of employment with the taxpayer:

(i) An individual who has been determined eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.).

(ii) Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 as provided pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(iii) An economically disadvantaged individual age 16 years or older.

(iv) A dislocated worker who meets any of the following conditions:

(I) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(II) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(III) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(IV) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(V) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(VI) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(VII) Experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(VIII) Has been terminated or laid off or has received a notice of termination or layoff as a consequence of compliance with the Clean Air Act.

(v) An individual who is enrolled in or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(vi) An ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilty.

- (vii) A recipient of:
  - (I) Federal Supplemental Security Income benefits.
  - (II) Aid to Families with Dependent Children.
  - (III) CalFresh benefits.
  - (IV) State and local general assistance.

(viii) Is a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(5) “Qualified taxpayer” means a taxpayer or partnership that conducts a trade or business within a LAMBRA and, for the first two taxable years, has a net increase in jobs (defined as 2,000 paid hours per employee per year) of one or more employees in the LAMBRA.

(A) The net increase in the number of jobs shall be determined by subtracting the total number of full-time employees (defined as 2,000 paid hours per employee per year) the taxpayer employed in this state in the taxable year prior to commencing business operations in the LAMBRA from the total number of full-time employees the taxpayer employed in this state during the second taxable year after commencing business operations in the LAMBRA. For taxpayers who commence doing business in this state with their LAMBRA business operation, the number of employees for the taxable year prior to commencing business operations in the LAMBRA shall be zero. If the taxpayer has a net increase in jobs in the state, the credit shall be allowed only if one or more full-time employees is employed within the LAMBRA.

(B) The total number of employees employed in the LAMBRA shall equal the sum of both of the following:

(i) The total number of hours worked in the LAMBRA for the taxpayer by employees (not to exceed 2,000 hours per employee) who are paid an hourly wage divided by 2,000.

(ii) The total number of months worked in the LAMBRA for the taxpayer by employees who are salaried employees divided by 12.

(C) In the case of a taxpayer who first commences doing business in the LAMBRA during the taxable year, for purposes of clauses (i) and (ii), respectively, of subparagraph (B), the divisors “2,000” and “12” shall be multiplied by a fraction, the numerator of which is the number of months of the taxable year that the taxpayer was doing business in the LAMBRA and the denominator of which is 12.

(6) “Qualified displaced employee” means an individual who satisfies all of the following requirements:

(A) Any civilian or military employee of a base or former base who has been displaced as a result of a federal base closure act.

(B) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer’s trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in a LAMBRA.

(C) Who is hired by the employer after the designation of the area in which services were performed as a LAMBRA.

(7) “Seasonal employment” means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(8) “LAMBRA expiration date” means the date the LAMBRA designation expires, is no longer binding, or becomes inoperative.

(c) For qualified disadvantaged individuals or qualified displaced employees hired on or after January 1, 2001, the taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the LAMBRA, a certification that provides that a qualified disadvantaged individual or qualified displaced employee meets the eligibility requirements specified in subparagraph (C) of paragraph (4) of subdivision (b) or subparagraph (A) of paragraph (6) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to Section 7114.2 of the Government Code and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(d) (1) For purposes of this section, both of the following apply:

(A) All employees of trades or businesses that are under common control shall be treated as employed by a single employer.

(B) The credit (if any) allowable by this section with respect to each trade or business shall be determined by reference to its proportionate share of the qualified wages giving rise to the credit.

The regulations prescribed under this paragraph shall be based on principles similar to the principles that apply in the case of controlled groups of corporations as specified in subdivision (e) of Section 23622.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the “predecessor”) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (d)) for any calendar year ending after that acquisition, the employment relationship between an employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(e) (1) (A) If the employment, other than seasonal employment, of any employee, with respect to whom qualified wages are taken into account under subdivision (a), is terminated by the taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount (determined under those regulations) equal to

the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (a), is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of an employee who voluntarily leaves the employment of the taxpayer.

(ii) A termination of employment of an individual who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that individual.

(iii) A termination of employment of an individual, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A termination of employment of an individual due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of an individual, if that individual is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified disadvantaged individual who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that individual.

(iii) A failure to continue the seasonal employment of a qualified disadvantaged individual, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections

1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified disadvantaged individual.

(iv) A failure to continue seasonal employment of a qualified disadvantaged individual due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified disadvantaged individual, if that individual is replaced by other qualified displaced employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the taxpayer and an employee shall not be treated as terminated by reason of a mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in that trade or business and the taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(4) At the close of the second taxable year, if the taxpayer has not increased the number of its employees as determined by paragraph (5) of subdivision (b), then the amount of the credit previously claimed shall be added to the taxpayer's net tax for the taxpayer's second taxable year.

(f) In the case of an estate or trust, both of the following apply:

(1) The qualified wages for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(2) Any beneficiary to whom any qualified wages have been apportioned under paragraph (1) shall be treated (for purposes of this part) as the employer with respect to those wages.

(g) The credit shall be reduced by the credit allowed under Section 17053.7. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the taxpayer upon which the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (h) or (i).

(h) In the case where the credit otherwise allowed under this section exceeds the "net tax" for the taxable year, that portion of the credit that exceeds the "net tax" may be carried over and added to the credit, if any, in succeeding years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(i) (1) The amount of credit otherwise allowed under this section and Section 17053.45, including prior year credit carryovers, that may reduce the "net tax" for the taxable year shall not exceed the amount of tax that would be imposed on the taxpayer's business income attributed to a LAMBRA determined as if that attributed income represented all of the net income of the taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer's California source business income that is apportioned to the LAMBRA. For that purpose, the taxpayer's business income that is attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101) of Part 11. That business income shall be further apportioned to the LAMBRA in accordance with Article 2 (commencing with Section 25120) of Chapter 17 of Part 11, modified for purposes of this section in accordance with paragraph (3).

(3) Income shall be apportioned to a LAMBRA by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the LAMBRA during the taxable year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the LAMBRA during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "net tax" for the taxable year, as provided in subdivision (h).

(j) If the taxpayer is allowed a credit pursuant to this section for qualified wages paid or incurred, only one credit shall be allowed to the taxpayer under this part with respect to any wage consisting in whole or in part of those qualified wages.

SEC. 20. Section 17053.74 of the Revenue and Taxation Code is amended to read:

17053.74. (a) There shall be allowed a credit against the "net tax" (as defined in Section 17039) to a taxpayer who employs a qualified employee in an enterprise zone during the taxable year. The credit shall be equal to the sum of each of the following:

- (1) Fifty percent of qualified wages in the first year of employment.
- (2) Forty percent of qualified wages in the second year of employment.
- (3) Thirty percent of qualified wages in the third year of employment.
- (4) Twenty percent of qualified wages in the fourth year of employment.
- (5) Ten percent of qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) (i) Except as provided in clause (ii), that portion of wages paid or incurred by the taxpayer during the taxable year to qualified employees that does not exceed 150 percent of the minimum wage.

(ii) For up to 1,350 qualified employees who are employed by the taxpayer in the Long Beach Enterprise Zone in aircraft manufacturing activities described in Codes 3721 to 3728, inclusive, and Code 3812 of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, “qualified wages” means that portion of hourly wages that does not exceed 202 percent of the minimum wage.

(B) Wages received during the 60-month period beginning with the first day the employee commences employment with the taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the taxpayer does not constitute commencement of employment for purposes of this section.

(C) Qualified wages do not include any wages paid or incurred by the taxpayer on or after the zone expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the taxpayer within the enterprise zone within the 60-month period prior to the zone expiration date shall continue to qualify for the credit under this section after the zone expiration date, in accordance with all provisions of this section applied as if the enterprise zone designation were still in existence and binding.

(2) “Minimum wage” means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) “Zone expiration date” means the date the enterprise zone designation expires, is no longer binding, or becomes inoperative.

(4) (A) “Qualified employee” means an individual who meets all of the following requirements:

(i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer’s trade or business located in an enterprise zone.

(ii) Performs at least 50 percent of his or her services for the taxpayer during the taxable year in an enterprise zone.

(iii) Is hired by the taxpayer after the date of original designation of the area in which services were performed as an enterprise zone.

(iv) Is any of the following:

(I) Immediately preceding the qualified employee’s commencement of employment with the taxpayer, was a person eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.

(II) Immediately preceding the qualified employee’s commencement of employment with the taxpayer, was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.

(III) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was an economically disadvantaged individual 14 years of age or older.

(IV) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a dislocated worker who meets any of the following:

(aa) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(bb) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(ee) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(ff) Was an active member of the armed forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(hh) Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.

(V) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(VI) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilt.

(VII) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a person eligible for or a recipient of any of the following:

(aa) Federal Supplemental Security Income benefits.

- (bb) Aid to Families with Dependent Children.
- (cc) CalFresh benefits.
- (dd) State and local general assistance.

(VIII) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(IX) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a resident of a targeted employment area, as defined in Section 7072 of the Government Code.

(X) An employee who qualified the taxpayer for the enterprise zone hiring credit under former Section 17053.8 or the program area hiring credit under former Section 17053.11.

(XI) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its successor.

(B) Priority for employment shall be provided to an individual who is enrolled in a qualified program under the federal Job Training Partnership Act or the Greater Avenues for Independence Act of 1985 or who is eligible as a member of a targeted group under the Work Opportunity Tax Credit (Section 51 of the Internal Revenue Code), or its successor.

(5) "Taxpayer" means a person or entity engaged in a trade or business within an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) of the Government Code.

(6) "Seasonal employment" means employment by a taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) The taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the enterprise zone, a certification which provides that a qualified employee meets the eligibility requirements specified in clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Employment Development Department shall develop a form for this purpose. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates by local governments pursuant to subdivision (a) of Section 7086 of the Government Code.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(d) (1) For purposes of this section:

(A) All employees of trades or businesses, which are not incorporated, that are under common control shall be treated as employed by a single taxpayer.

(B) The credit, if any, allowable by this section with respect to each trade or business shall be determined by reference to its proportionate share of

the expense of the qualified wages giving rise to the credit, and shall be allocated in that manner.

(C) Principles that apply in the case of controlled groups of corporations, as specified in subdivision (d) of Section 23622.7, shall apply with respect to determining employment.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the “predecessor”) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (e)) for any calendar year ending after that acquisition, the employment relationship between a qualified employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(e) (1) (A) If the employment, other than seasonal employment, of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a), is terminated by the taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a), is not continued by the taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified employee commences seasonal employment with the taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified employee commences seasonal employment with the taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified employee.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of a qualified employee who voluntarily leaves the employment of the taxpayer.

(ii) A termination of employment of a qualified employee who, before the close of the period referred to in paragraph (1), becomes disabled and unable to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that employee.

(iii) A termination of employment of a qualified employee, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that employee.

(iv) A termination of employment of a qualified employee due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of a qualified employee, if that employee is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified employee who voluntarily fails to return to the seasonal employment of the taxpayer.

(ii) A failure to continue the seasonal employment of a qualified employee who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the taxpayer fails to offer seasonal employment to that qualified employee.

(iii) A failure to continue the seasonal employment of a qualified employee, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified employee.

(iv) A failure to continue seasonal employment of a qualified employee due to a substantial reduction in the regular seasonal trade or business operations of the taxpayer.

(v) A failure to continue the seasonal employment of a qualified employee, if that qualified employee is replaced by other qualified employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the taxpayer and a qualified employee shall not be treated as terminated by reason of a mere change in the form of conducting the trade or business of the taxpayer, if the qualified employee continues to be employed in that trade or business and the taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(f) In the case of an estate or trust, both of the following apply:

(1) The qualified wages for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each.

(2) Any beneficiary to whom any qualified wages have been apportioned under paragraph (1) shall be treated, for purposes of this part, as the employer with respect to those wages.

(g) For purposes of this section, “enterprise zone” means an area designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

(h) The credit allowable under this section shall be reduced by the credit allowed under Sections 17053.10, 17053.17, and 17053.46 claimed for the same employee. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the taxpayer upon which the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (i) or (j).

(i) In the case where the credit otherwise allowed under this section exceeds the “net tax” for the taxable year, that portion of the credit that exceeds the “net tax” may be carried over and added to the credit, if any, in succeeding taxable years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(j) (1) The amount of the credit otherwise allowed under this section and Section 17053.70, including any credit carryover from prior years, that may reduce the “net tax” for the taxable year shall not exceed the amount of tax which would be imposed on the taxpayer’s business income attributable to the enterprise zone determined as if that attributable income represented all of the income of the taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer’s California source business income that is apportioned to the enterprise zone. For that purpose, the taxpayer’s business income attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101) of Part 11. That business income shall be further apportioned to the enterprise zone in accordance with Article 2 (commencing with Section 25120) of Chapter 17 of Part 11, modified for purposes of this section in accordance with paragraph (3).

(3) Business income shall be apportioned to the enterprise zone by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer’s real and tangible personal property owned or rented and used in the enterprise zone during the taxable year, and the denominator of which is the average value of all the taxpayer’s real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the enterprise zone during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the “net tax” for the taxable year, as provided in subdivision (i).

(k) The changes made to this section by the act adding this subdivision shall apply to taxable years beginning on or after January 1, 1997.

SEC. 21. Section 23622.7 of the Revenue and Taxation Code is amended to read:

23622.7. (a) There shall be allowed a credit against the “tax” (as defined by Section 23036) to a taxpayer who employs a qualified employee in an enterprise zone during the taxable year. The credit shall be equal to the sum of each of the following:

- (1) Fifty percent of qualified wages in the first year of employment.
- (2) Forty percent of qualified wages in the second year of employment.
- (3) Thirty percent of qualified wages in the third year of employment.
- (4) Twenty percent of qualified wages in the fourth year of employment.
- (5) Ten percent of qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) “Qualified wages” means:

(A) (i) Except as provided in clause (ii), that portion of wages paid or incurred by the taxpayer during the taxable year to qualified employees that does not exceed 150 percent of the minimum wage.

(ii) For up to 1,350 qualified employees who are employed by the taxpayer in the Long Beach Enterprise Zone in aircraft manufacturing activities described in Codes 3721 to 3728, inclusive, and Code 3812 of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, “qualified wages” means that portion of hourly wages that does not exceed 202 percent of the minimum wage.

(B) Wages received during the 60-month period beginning with the first day the employee commences employment with the taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the taxpayer does not constitute commencement of employment for purposes of this section.

(C) Qualified wages do not include any wages paid or incurred by the taxpayer on or after the zone expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the taxpayer within the enterprise zone within the 60-month period prior to the zone expiration date shall continue to qualify for the credit under this section after the zone expiration date, in accordance with all provisions of this section applied as if the enterprise zone designation were still in existence and binding.

(2) “Minimum wage” means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) “Zone expiration date” means the date the enterprise zone designation expires, is no longer binding, or becomes inoperative.

(4) (A) “Qualified employee” means an individual who meets all of the following requirements:

(i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer’s trade or business located in an enterprise zone.

(ii) Performs at least 50 percent of his or her services for the taxpayer during the taxable year in an enterprise zone.

(iii) Is hired by the taxpayer after the date of original designation of the area in which services were performed as an enterprise zone.

(iv) Is any of the following:

(I) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a person eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.

(II) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.

(III) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was an economically disadvantaged individual 14 years of age or older.

(IV) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a dislocated worker who meets any of the following:

(aa) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(bb) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(ee) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(ff) Was an active member of the armed forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(hh) Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.

(V) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(VI) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilt.

(VII) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a person eligible for or a recipient of any of the following:

- (aa) Federal Supplemental Security Income benefits.
- (bb) Aid to Families with Dependent Children.
- (cc) CalFresh benefits.
- (dd) State and local general assistance.

(VIII) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(IX) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a resident of a targeted employment area (as defined in Section 7072 of the Government Code).

(X) An employee who qualified the taxpayer for the enterprise zone hiring credit under former Section 23622 or the program area hiring credit under former Section 23623.

(XI) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its successor.

(B) Priority for employment shall be provided to an individual who is enrolled in a qualified program under the federal Job Training Partnership Act or the Greater Avenues for Independence Act of 1985 or who is eligible as a member of a targeted group under the Work Opportunity Tax Credit (Section 51 of the Internal Revenue Code), or its successor.

(5) "Taxpayer" means a corporation engaged in a trade or business within an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

(6) "Seasonal employment" means employment by a taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) The taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act

administrative entity, the local county GAIN office or social services agency, or the local government administering the enterprise zone, a certification that provides that a qualified employee meets the eligibility requirements specified in clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Employment Development Department shall develop a form for this purpose. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates by local governments pursuant to subdivision (a) of Section 7086 of the Government Code.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(d) (1) For purposes of this section:

(A) All employees of all corporations which are members of the same controlled group of corporations shall be treated as employed by a single taxpayer.

(B) The credit, if any, allowable by this section to each member shall be determined by reference to its proportionate share of the expense of the qualified wages giving rise to the credit, and shall be allocated in that manner.

(C) For purposes of this subdivision, “controlled group of corporations” means “controlled group of corporations” as defined in Section 1563(a) of the Internal Revenue Code, except that:

(i) “More than 50 percent” shall be substituted for “at least 80 percent” each place it appears in Section 1563(a)(1) of the Internal Revenue Code.

(ii) The determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of Section 1563 of the Internal Revenue Code.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the “predecessor”) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (e)) for any calendar year ending after that acquisition, the employment relationship between a qualified employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(e) (1) (A) If the employment, other than seasonal employment, of any qualified employee with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the taxpayer at any time during the first 270 days of that employment, whether or not consecutive, or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is not

continued by the taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified employee commences seasonal employment with the taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified employee commences seasonal employment with the taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified employee.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of a qualified employee who voluntarily leaves the employment of the taxpayer.

(ii) A termination of employment of a qualified employee who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled and unable to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that employee.

(iii) A termination of employment of a qualified employee, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that employee.

(iv) A termination of employment of a qualified employee due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of a qualified employee, if that employee is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified employee who voluntarily fails to return to the seasonal employment of the taxpayer.

(ii) A failure to continue the seasonal employment of a qualified employee who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the taxpayer fails to offer seasonal employment to that qualified employee.

(iii) A failure to continue the seasonal employment of a qualified employee, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified employee.

(iv) A failure to continue seasonal employment of a qualified employee due to a substantial reduction in the regular seasonal trade or business operations of the taxpayer.

(v) A failure to continue the seasonal employment of a qualified employee, if that qualified employee is replaced by other qualified employees

so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the taxpayer and a qualified employee shall not be treated as terminated by either of the following:

(i) By a transaction to which Section 381(a) of the Internal Revenue Code applies, if the qualified employee continues to be employed by the acquiring corporation.

(ii) By reason of a mere change in the form of conducting the trade or business of the taxpayer, if the qualified employee continues to be employed in that trade or business and the taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(f) Rules similar to the rules provided in Section 46(e) and (h) of the Internal Revenue Code shall apply to both of the following:

(1) An organization to which Section 593 of the Internal Revenue Code applies.

(2) A regulated investment company or a real estate investment trust subject to taxation under this part.

(g) For purposes of this section, “enterprise zone” means an area designated as an enterprise zone pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1 of the Government Code.

(h) The credit allowable under this section shall be reduced by the credit allowed under Sections 23623.5, 23625, and 23646 claimed for the same employee. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the taxpayer upon which the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (i) or (j).

(i) In the case where the credit otherwise allowed under this section exceeds the “tax” for the taxable year, that portion of the credit that exceeds the “tax” may be carried over and added to the credit, if any, in succeeding taxable years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(j) (1) The amount of the credit otherwise allowed under this section and Section 23612.2, including any credit carryover from prior years, that may reduce the “tax” for the taxable year shall not exceed the amount of tax which would be imposed on the taxpayer’s business income attributable to the enterprise zone determined as if that attributable income represented all of the income of the taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer’s California source business income that is apportioned to the enterprise zone. For that purpose, the taxpayer’s business attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with

Section 25101). That business income shall be further apportioned to the enterprise zone in accordance with Article 2 (commencing with Section 25120) of Chapter 17, modified for purposes of this section in accordance with paragraph (3).

(3) Business income shall be apportioned to the enterprise zone by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in the enterprise zone during the income year, and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used in this state during the income year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the enterprise zone during the income year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the income year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the "tax" for the taxable year, as provided in subdivision (i).

(k) The changes made to this section by the act adding this subdivision shall apply to taxable years on or after January 1, 1997.

SEC. 22. Section 23634 of the Revenue and Taxation Code is amended to read:

23634. (a) For each taxable year beginning on or after January 1, 1998, there shall be allowed a credit against the "tax" (as defined by Section 23036) to a qualified taxpayer who employs a qualified employee in a targeted tax area during the taxable year. The credit shall be equal to the sum of each of the following:

- (1) Fifty percent of qualified wages in the first year of employment.
- (2) Forty percent of qualified wages in the second year of employment.
- (3) Thirty percent of qualified wages in the third year of employment.
- (4) Twenty percent of qualified wages in the fourth year of employment.
- (5) Ten percent of qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) "Qualified wages" means:

(A) That portion of wages paid or incurred by the qualified taxpayer during the taxable year to qualified employees that does not exceed 150 percent of the minimum wage.

(B) Wages received during the 60-month period beginning with the first day the employee commences employment with the qualified taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operations of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(C) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the targeted tax area expiration date. However, wages paid or incurred with respect to qualified employees who are employed by the qualified taxpayer within the targeted tax area within the 60-month period prior to the targeted tax area expiration date shall continue to qualify for the credit under this section after the targeted tax area expiration date, in accordance with all provisions of this section applied as if the targeted tax area designation were still in existence and binding.

(2) “Minimum wage” means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) “Targeted tax area expiration date” means the date the targeted tax area designation expires, is revoked, is no longer binding, or becomes inoperative.

(4) (A) “Qualified employee” means an individual who meets all of the following requirements:

(i) At least 90 percent of his or her services for the qualified taxpayer during the taxable year are directly related to the conduct of the qualified taxpayer’s trade or business located in a targeted tax area.

(ii) Performs at least 50 percent of his or her services for the qualified taxpayer during the taxable year in a targeted tax area.

(iii) Is hired by the qualified taxpayer after the date of original designation of the area in which services were performed as a targeted tax area.

(iv) Is any of the following:

(I) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was a person eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving, or is eligible to receive, subsidized employment, training, or services funded by the federal Job Training Partnership Act, or its successor.

(II) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was a person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or its successor.

(III) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was an economically disadvantaged individual 14 years of age or older.

(IV) Immediately preceding the qualified employee’s commencement of employment with the qualified taxpayer, was a dislocated worker who meets any of the following:

(aa) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(bb) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(cc) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(dd) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(ee) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(ff) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(gg) Is a seasonal or migrant worker who experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(hh) Has been terminated or laid off, or has received a notice of termination or layoff, as a consequence of compliance with the Clean Air Act.

(V) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a disabled individual who is eligible for or enrolled in, or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(VI) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was an ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilt.

(VII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a person eligible for or a recipient of any of the following:

(aa) Federal Supplemental Security Income benefits.

(bb) Aid to Families with Dependent Children.

(cc) CalFresh benefits.

(dd) State and local general assistance.

(VIII) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(IX) Immediately preceding the qualified employee's commencement of employment with the qualified taxpayer, was a resident of a targeted tax area.

(X) Immediately preceding the qualified employee's commencement of employment with the taxpayer, was a member of a targeted group, as defined in Section 51(d) of the Internal Revenue Code, or its successor.

(B) Priority for employment shall be provided to an individual who is enrolled in a qualified program under the federal Job Training Partnership Act or the Greater Avenues for Independence Act of 1985 or who is eligible as a member of a targeted group under the Work Opportunity Tax Credit (Section 51 of the Internal Revenue Code), or its successor.

(5) (A) "Qualified taxpayer" means a person or entity that meets both of the following:

(i) Is engaged in a trade or business within a targeted tax area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(ii) Is engaged in those lines of business described in Codes 2000 to 2099, inclusive; 2200 to 3999, inclusive; 4200 to 4299, inclusive; 4500 to 4599, inclusive; and 4700 to 5199, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition.

(B) In the case of any passthrough entity, the determination of whether a taxpayer is a qualified taxpayer under this section shall be made at the entity level and any credit under this section or Section 17053.34 shall be allowed to the passthrough entity and passed through to the partners or shareholders in accordance with applicable provisions of this part or Part 10 (commencing with Section 17001). For purposes of this subparagraph, the term "passthrough entity" means any partnership or S corporation.

(6) "Seasonal employment" means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(c) If the qualified taxpayer is allowed a credit for qualified wages pursuant to this section, only one credit shall be allowed to the taxpayer under this part with respect to those qualified wages.

(d) The qualified taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the local county or city Job Training Partnership Act administrative entity, the local county GAIN office or social services agency, or the local government administering the targeted tax area, a certification that provides that a qualified employee meets the eligibility requirements specified in clause (iv) of subparagraph (A) of paragraph (4) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations for the issuance of certificates pursuant to subdivision (g) of Section 7097 of the Government Code, and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(e) (1) For purposes of this section:

(A) All employees of all corporations that are members of the same controlled group of corporations shall be treated as employed by a single taxpayer.

(B) The credit, if any, allowable by this section to each member shall be determined by reference to its proportionate share of the expense of the qualified wages giving rise to the credit, and shall be allocated in that manner.

(C) For purposes of this subdivision, “controlled group of corporations” means “controlled group of corporations” as defined in Section 1563(a) of the Internal Revenue Code, except that:

(i) “More than 50 percent” shall be substituted for “at least 80 percent” each place it appears in Section 1563(a)(1) of the Internal Revenue Code.

(ii) The determination shall be made without regard to subsections (a)(4) and (e)(3)(C) of Section 1563 of the Internal Revenue Code.

(2) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the “predecessor”) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (f)) for any calendar year ending after that acquisition, the employment relationship between a qualified employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(f) (1) (A) If the employment, other than seasonal employment, of any qualified employee with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the qualified taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the qualified taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified employee, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified employee commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified employee commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified employee.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of a qualified employee who voluntarily leaves the employment of the qualified taxpayer.

(ii) A termination of employment of a qualified employee who, before the close of the period referred to in subparagraph (A) of paragraph (1), becomes disabled and unable to perform the services of that employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer reemployment to that employee.

(iii) A termination of employment of a qualified employee, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that employee.

(iv) A termination of employment of a qualified employee due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of a qualified employee, if that employee is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified employee who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified employee who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified employee.

(iii) A failure to continue the seasonal employment of a qualified employee, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that qualified employee.

(iv) A failure to continue seasonal employment of a qualified employee due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified employee, if that qualified employee is replaced by other qualified employees so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the qualified taxpayer and a qualified employee shall not be treated as terminated by either of the following:

(i) By a transaction to which Section 381(a) of the Internal Revenue Code applies, if the qualified employee continues to be employed by the acquiring corporation.

(ii) By reason of a mere change in the form of conducting the trade or business of the qualified taxpayer, if the qualified employee continues to

be employed in that trade or business and the qualified taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(g) Rules similar to the rules provided in Sections 46(e) and (h) of the Internal Revenue Code shall apply to both of the following:

(1) An organization to which Section 593 of the Internal Revenue Code applies.

(2) A regulated investment company or a real estate investment trust subject to taxation under this part.

(h) For purposes of this section, “targeted tax area” means an area designated pursuant to Chapter 12.93 (commencing with Section 7097) of Division 7 of Title 1 of the Government Code.

(i) In the case where the credit otherwise allowed under this section exceeds the “tax” for the taxable year, that portion of the credit that exceeds the “tax” may be carried over and added to the credit, if any, in succeeding taxable years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(j) (1) The amount of the credit otherwise allowed under this section and Section 23633, including any credit carryover from prior years, that may reduce the “tax” for the taxable year shall not exceed the amount of tax that would be imposed on the qualified taxpayer’s business income attributable to the targeted tax area determined as if that attributable income represented all of the income of the qualified taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer’s California source business income that is apportioned to the targeted tax area. For that purpose, the taxpayer’s business income attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101). That business income shall be further apportioned to the targeted tax area in accordance with Article 2 (commencing with Section 25120) of Chapter 17, modified for purposes of this section in accordance with paragraph (3).

(3) Business income shall be apportioned to the targeted tax area by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer’s real and tangible personal property owned or rented and used in the targeted tax area during the taxable year, and the denominator of which is the average value of all the taxpayer’s real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the targeted tax area during the taxable year

for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the “tax” for the taxable year, as provided in subdivision (h).

(5) In the event that a credit carryover is allowable under subdivision (h) for any taxable year after the targeted tax area designation has expired or been revoked, the targeted tax area shall be deemed to remain in existence for purposes of computing the limitation specified in this subdivision.

SEC. 23. Section 23646 of the Revenue and Taxation Code is amended to read:

23646. (a) For each taxable year beginning on or after January 1, 1995, there shall be allowed as a credit against the “tax” (as defined in Section 23036) to a qualified taxpayer for hiring a qualified disadvantaged individual or a qualified displaced employee during the taxable year for employment in the LAMBRA. The credit shall be equal to the sum of each of the following:

- (1) Fifty percent of the qualified wages in the first year of employment.
- (2) Forty percent of the qualified wages in the second year of employment.
- (3) Thirty percent of the qualified wages in the third year of employment.
- (4) Twenty percent of the qualified wages in the fourth year of employment.
- (5) Ten percent of the qualified wages in the fifth year of employment.

(b) For purposes of this section:

(1) “Qualified wages” means:

(A) That portion of wages paid or incurred by the employer during the taxable year to qualified disadvantaged individuals or qualified displaced employees that does not exceed 150 percent of the minimum wage.

(B) The total amount of qualified wages which may be taken into account for purposes of claiming the credit allowed under this section shall not exceed two million dollars (\$2,000,000) per taxable year.

(C) Wages received during the 60-month period beginning with the first day the individual commences employment with the taxpayer. Reemployment in connection with any increase, including a regularly occurring seasonal increase, in the trade or business operation of the qualified taxpayer does not constitute commencement of employment for purposes of this section.

(D) Qualified wages do not include any wages paid or incurred by the qualified taxpayer on or after the LAMBRA expiration date. However, wages paid or incurred with respect to qualified disadvantaged individuals or qualified displaced employees who are employed by the qualified taxpayer within the LAMBRA within the 60-month period prior to the LAMBRA expiration date shall continue to qualify for the credit under this section after the LAMBRA expiration date, in accordance with all provisions of

this section applied as if the LAMBRA designation were still in existence and binding.

(2) “Minimum wage” means the wage established by the Industrial Welfare Commission as provided for in Chapter 1 (commencing with Section 1171) of Part 4 of Division 2 of the Labor Code.

(3) “LAMBRA” means a local agency military base recovery area designated in accordance with the provisions of Section 7114 of the Government Code.

(4) “Qualified disadvantaged individual” means an individual who satisfies all of the following requirements:

(A) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer’s trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in the LAMBRA.

(B) Who is hired by the employer after the designation of the area as a LAMBRA in which the individual’s services were primarily performed.

(C) Who is any of the following immediately preceding the individual’s commencement of employment with the taxpayer:

(i) An individual who has been determined eligible for services under the federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.), or its successor.

(ii) Any voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 provided for pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(iii) An economically disadvantaged individual 16 years of age or older.

(iv) A dislocated worker who meets any of the following conditions:

(I) Has been terminated or laid off or who has received a notice of termination or layoff from employment, is eligible for or has exhausted entitlement to unemployment insurance benefits, and is unlikely to return to his or her previous industry or occupation.

(II) Has been terminated or has received a notice of termination of employment as a result of any permanent closure or any substantial layoff at a plant, facility, or enterprise, including an individual who has not received written notification but whose employer has made a public announcement of the closure or layoff.

(III) Is long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including an individual 55 years of age or older who may have substantial barriers to employment by reason of age.

(IV) Was self-employed (including farmers and ranchers) and is unemployed as a result of general economic conditions in the community in which he or she resides or because of natural disasters.

(V) Was a civilian employee of the Department of Defense employed at a military installation being closed or realigned under the Defense Base Closure and Realignment Act of 1990.

(VI) Was an active member of the Armed Forces or National Guard as of September 30, 1990, and was either involuntarily separated or separated pursuant to a special benefits program.

(VII) Experiences chronic seasonal unemployment and underemployment in the agriculture industry, aggravated by continual advancements in technology and mechanization.

(VIII) Has been terminated or laid off or has received a notice of termination or layoff as a consequence of compliance with the Clean Air Act.

(v) An individual who is enrolled in or has completed a state rehabilitation plan or is a service-connected disabled veteran, veteran of the Vietnam era, or veteran who is recently separated from military service.

(vi) An ex-offender. An individual shall be treated as convicted if he or she was placed on probation by a state court without a finding of guilty.

(vii) A recipient of:

(I) Federal Supplemental Security Income benefits.

(II) Aid to Families with Dependent Children.

(III) CalFresh benefits.

(IV) State and local general assistance.

(viii) Is a member of a federally recognized Indian tribe, band, or other group of Native American descent.

(5) “Qualified taxpayer” means a corporation that conducts a trade or business within a LAMBRA and, for the first two taxable years, has a net increase in jobs (defined as 2,000 paid hours per employee per year) of one or more employees as determined below in the LAMBRA.

(A) The net increase in the number of jobs shall be determined by subtracting the total number of full-time employees (defined as 2,000 paid hours per employee per year) the taxpayer employed in this state in the taxable year prior to commencing business operations in the LAMBRA from the total number of full-time employees the taxpayer employed in this state during the second taxable year after commencing business operations in the LAMBRA. For taxpayers who commence doing business in this state with their LAMBRA business operation, the number of employees for the taxable year prior to commencing business operations in the LAMBRA shall be zero. If the taxpayer has a net increase in jobs in the state, the credit shall be allowed only if one or more full-time employees is employed within the LAMBRA.

(B) The total number of employees employed in the LAMBRA shall equal the sum of both of the following:

(i) The total number of hours worked in the LAMBRA for the taxpayer by employees (not to exceed 2,000 hours per employee) who are paid an hourly wage divided by 2,000.

(ii) The total number of months worked in the LAMBRA for the taxpayer by employees who are salaried employees divided by 12.

(C) In the case of a qualified taxpayer that first commences doing business in the LAMBRA during the taxable year, for purposes of clauses (i) and (ii), respectively, of subparagraph (B) the divisors “2,000” and “12” shall

be multiplied by a fraction, the numerator of which is the number of months of the taxable year that the taxpayer was doing business in the LAMBRA and the denominator of which is 12.

(6) “Qualified displaced employee” means an individual who satisfies all of the following requirements:

(A) Any civilian or military employee of a base or former base that has been displaced as a result of a federal base closure act.

(B) (i) At least 90 percent of whose services for the taxpayer during the taxable year are directly related to the conduct of the taxpayer’s trade or business located in a LAMBRA.

(ii) Who performs at least 50 percent of his or her services for the taxpayer during the taxable year in a LAMBRA.

(C) Who is hired by the employer after the designation of the area in which services were performed as a LAMBRA.

(7) “Seasonal employment” means employment by a qualified taxpayer that has regular and predictable substantial reductions in trade or business operations.

(8) “LAMBRA expiration date” means the date the LAMBRA designation expires, is no longer binding, or becomes inoperative.

(c) For qualified disadvantaged individuals or qualified displaced employees hired on or after January 1, 2001, the taxpayer shall do both of the following:

(1) Obtain from the Employment Development Department, as permitted by federal law, the administrative entity of the local county or city for the federal Job Training Partnership Act, or its successor, the local county GAIN office or social services agency, or the local government administering the LAMBRA, a certification that provides that a qualified disadvantaged individual or qualified displaced employee meets the eligibility requirements specified in subparagraph (C) of paragraph (4) of subdivision (b) or subparagraph (A) of paragraph (6) of subdivision (b). The Employment Development Department may provide preliminary screening and referral to a certifying agency. The Department of Housing and Community Development shall develop regulations governing the issuance of certificates pursuant to Section 7114.2 of the Government Code and shall develop forms for this purpose.

(2) Retain a copy of the certification and provide it upon request to the Franchise Tax Board.

(d) (1) For purposes of this section, both of the following apply:

(A) All employees of all corporations that are members of the same controlled group of corporations shall be treated as employed by a single employer.

(B) The credit (if any) allowable by this section to each member shall be determined by reference to its proportionate share of the qualified wages giving rise to the credit.

(2) For purposes of this subdivision, “controlled group of corporations” has the meaning given to that term by Section 1563(a) of the Internal Revenue Code, except that both of the following apply:

(A) “More than 50 percent” shall be substituted for “at least 80 percent” each place it appears in Section 1563(a)(1) of the Internal Revenue Code.

(B) The determination shall be made without regard to Section 1563(a)(4) and Section 1563(e)(3)(C) of the Internal Revenue Code.

(3) If an employer acquires the major portion of a trade or business of another employer (hereinafter in this paragraph referred to as the “predecessor”) or the major portion of a separate unit of a trade or business of a predecessor, then, for purposes of applying this section (other than subdivision (e)) for any calendar year ending after that acquisition, the employment relationship between an employee and an employer shall not be treated as terminated if the employee continues to be employed in that trade or business.

(e) (1) (A) If the employment of any employee, other than seasonal employment, with respect to whom qualified wages are taken into account under subdivision (a) is terminated by the taxpayer at any time during the first 270 days of that employment (whether or not consecutive) or before the close of the 270th calendar day after the day in which that employee completes 90 days of employment with the taxpayer, the tax imposed by this part for the taxable year in which that employment is terminated shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior income years attributable to qualified wages paid or incurred with respect to that employee.

(B) If the seasonal employment of any qualified disadvantaged individual, with respect to whom qualified wages are taken into account under subdivision (a) is not continued by the qualified taxpayer for a period of 270 days of employment during the 60-month period beginning with the day the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, the tax imposed by this part, for the taxable year that includes the 60th month following the month in which the qualified disadvantaged individual commences seasonal employment with the qualified taxpayer, shall be increased by an amount equal to the credit allowed under subdivision (a) for that taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to that qualified disadvantaged individual.

(2) (A) Subparagraph (A) of paragraph (1) shall not apply to any of the following:

(i) A termination of employment of an employee who voluntarily leaves the employment of the taxpayer.

(ii) A termination of employment of an individual who, before the close of the period referred to in paragraph (1), becomes disabled to perform the services of that employment, unless that disability is removed before the close of that period and the taxpayer fails to offer reemployment to that individual.

(iii) A termination of employment of an individual, if it is determined that the termination was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A termination of employment of an individual due to a substantial reduction in the trade or business operations of the taxpayer.

(v) A termination of employment of an individual, if that individual is replaced by other qualified employees so as to create a net increase in both the number of employees and the hours of employment.

(B) Subparagraph (B) of paragraph (1) shall not apply to any of the following:

(i) A failure to continue the seasonal employment of a qualified disadvantaged individual who voluntarily fails to return to the seasonal employment of the qualified taxpayer.

(ii) A failure to continue the seasonal employment of a qualified disadvantaged individual who, before the close of the period referred to in subparagraph (B) of paragraph (1), becomes disabled and unable to perform the services of that seasonal employment, unless that disability is removed before the close of that period and the qualified taxpayer fails to offer seasonal employment to that qualified disadvantaged individual.

(iii) A failure to continue the seasonal employment of a qualified disadvantaged individual, if it is determined that the failure to continue the seasonal employment was due to the misconduct (as defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the California Code of Regulations) of that individual.

(iv) A failure to continue seasonal employment of a qualified disadvantaged individual due to a substantial reduction in the regular seasonal trade or business operations of the qualified taxpayer.

(v) A failure to continue the seasonal employment of a qualified disadvantaged individual, if that individual is replaced by other qualified disadvantaged individuals so as to create a net increase in both the number of seasonal employees and the hours of seasonal employment.

(C) For purposes of paragraph (1), the employment relationship between the taxpayer and an employee shall not be treated as terminated by either of the following:

(i) A transaction to which Section 381(a) of the Internal Revenue Code applies, if the employee continues to be employed by the acquiring corporation.

(ii) A mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in that trade or business and the taxpayer retains a substantial interest in that trade or business.

(3) Any increase in tax under paragraph (1) shall not be treated as tax imposed by this part for purposes of determining the amount of any credit allowable under this part.

(4) At the close of the second taxable year, if the taxpayer has not increased the number of its employees as determined by paragraph (5) of subdivision (b), then the amount of the credit previously claimed shall be added to the taxpayer's tax for the taxpayer's second taxable year.

(f) In the case of an organization to which Section 593 of the Internal Revenue Code applies, and a regulated investment company or a real estate investment trust subject to taxation under this part, rules similar to the rules

provided in Section 46(e) and Section 46(h) of the Internal Revenue Code shall apply.

(g) The credit shall be reduced by the credit allowed under Section 23621. The credit shall also be reduced by the federal credit allowed under Section 51 of the Internal Revenue Code.

In addition, any deduction otherwise allowed under this part for the wages or salaries paid or incurred by the taxpayer upon which the credit is based shall be reduced by the amount of the credit, prior to any reduction required by subdivision (h) or (i).

(h) In the case where the credit otherwise allowed under this section exceeds the “tax” for the taxable year, that portion of the credit that exceeds the “tax” may be carried over and added to the credit, if any, in succeeding years, until the credit is exhausted. The credit shall be applied first to the earliest taxable years possible.

(i) (1) The amount of credit otherwise allowed under this section and Section 23645, including any prior year carryovers, that may reduce the “tax” for the taxable year shall not exceed the amount of tax that would be imposed on the taxpayer’s business income attributed to a LAMBRA determined as if that attributed income represented all of the income of the taxpayer subject to tax under this part.

(2) Attributable income shall be that portion of the taxpayer’s California source business income that is apportioned to the LAMBRA. For that purpose, the taxpayer’s business income that is attributable to sources in this state first shall be determined in accordance with Chapter 17 (commencing with Section 25101). That business income shall be further apportioned to the LAMBRA in accordance with Article 2 (commencing with Section 25120) of Chapter 17, modified for purposes of this section in accordance with paragraph (3).

(3) Income shall be apportioned to a LAMBRA by multiplying the total California business income of the taxpayer by a fraction, the numerator of which is the property factor plus the payroll factor, and the denominator of which is two. For purposes of this paragraph:

(A) The property factor is a fraction, the numerator of which is the average value of the taxpayer’s real and tangible personal property owned or rented and used in the LAMBRA during the taxable year, and the denominator of which is the average value of all the taxpayer’s real and tangible personal property owned or rented and used in this state during the taxable year.

(B) The payroll factor is a fraction, the numerator of which is the total amount paid by the taxpayer in the LAMBRA during the taxable year for compensation, and the denominator of which is the total compensation paid by the taxpayer in this state during the taxable year.

(4) The portion of any credit remaining, if any, after application of this subdivision, shall be carried over to succeeding taxable years, as if it were an amount exceeding the “tax” for the taxable year, as provided in subdivision (h).

(j) If the taxpayer is allowed a credit pursuant to this section for qualified wages paid or incurred, only one credit shall be allowed to the taxpayer under this part with respect to any wage consisting in whole or in part of those qualified wages.

SEC. 24. Section 9802 of the Unemployment Insurance Code is amended to read:

9802. Programs shall provide, at a minimum, all of the following services:

(a) (1) Acquisition, rehabilitation, acquisition and rehabilitation, or construction of housing and related facilities to be used for the purpose of providing home ownership for disadvantaged persons, residential housing for homeless individuals and very low income families, or transitional housing for persons who are homeless, ill, deinstitutionalized, or who have disabilities or special needs.

(2) Rehabilitation or construction of community facilities owned by public agencies or nonprofit entities.

(b) (1) Integrated education and job training services and activities on an equally divided basis, with 50 percent of participants' time spent in classroom-based instruction, counseling, and leadership development instruction, and 50 percent of participants' time spent in experiential training on the construction site.

(2) The education component described in paragraph (1) shall include basic skills instruction, secondary education services, and other activities designed to lead to the attainment of a high school diploma or its equivalent. The curriculum for this component shall include math, language arts, vocational education, life skills training, social studies related to the cultural and community history of the participants, leadership skills, and other topics at the discretion of the program. Bilingual services shall be available for individuals with limited-English proficiency. A program shall have a goal of a minimum teacher-to-participant ratio of one teacher for every 18 participants.

(3) The job training component described in paragraph (1) shall involve work experience and skills training apprenticeships related to construction and rehabilitation activities described in subdivision (a). The process of construction shall be coupled with skills training and with close onsite supervision by experienced trainers. The curriculum for this component shall contain a set of locally agreed upon skills and competencies that are systematically taught, with participants' mastery assessed individually on a regular, ongoing basis. Safety skills shall be taught at the outset. A program shall have a goal of a minimum trainer-to-participant ratio of one trainer for every seven participants. This component shall be coordinated to the maximum extent feasible with preapprenticeship and apprenticeship opportunities.

(4) Assistance in attaining postsecondary education and in obtaining financial aid shall be made available to participants prior to graduation from the program.

(c) Counseling services designed to assist participants in positively participating in society, including all of the following, as necessary: outreach, assessment, and orientation; individual and peer counseling; life skills training, drug and alcohol abuse education and prevention; and referral to appropriate drug rehabilitation, medical, mental health, legal, housing, and other community services and resources. A program shall have a goal of a minimum counselor-to-participant ratio of one counselor for every 28 participants.

(d) (1) Leadership development training that provides participants with meaningful opportunities to develop leadership skills, including decisionmaking, problem solving, and negotiating. A program shall encourage participants to develop strong peer group ties that support their mutual pursuit of skills and values.

(2) Each program shall establish a youth council in which participants are afforded opportunities to develop public speaking and negotiating skills, and management and policymaking participation in specific aspects of the program.

(e) Each participant shall be provided with a training subsidy, living allowance, or stipend of not less than eight dollars (\$8) per hour for the time spent at the worksite in construction training. For those participants who receive public assistance, this training subsidy, living allowance, or stipend shall not affect housing benefits, medical benefits, child care benefits, or CalFresh benefits, to the extent consistent with federal law. The training subsidy, living allowance, or stipend may be distributed in a manner that offers incentives for good performance.

(f) Full-time participation in a program shall be offered for a period of not less than 6 months and not more than 24 months.

(g) A concentrated effort shall be made to find construction, construction-related, or nonconstruction jobs for all graduates of the program who have performed well. The job training curriculum shall provide participants with basic preparation for seeking and maintaining a job. Followup counseling and assistance in job seeking shall also be provided to participants for a period of 12 months following graduation from the program.

(h) A program serving 20 or more participants is required to have a full-time director responsible for the coordination of the requirements of this article.

SEC. 25. Section 10069 of the Welfare and Institutions Code is amended to read:

10069. The committee shall advise the department on the development and implementation of a statewide electronic benefits transfer system, and shall provide advice concerning the request for proposal. The system shall have the capability to deliver CalFresh benefits and, upon the election of the county, benefits under Chapter 2 (commencing with Section 11200) of Part 3. The system may also be used, with the approval of the department, for the distribution of other benefits. Any electronic benefits transfer

processor shall be capable of implementing systems within nine months of contracting for services.

SEC. 26. Section 10072 of the Welfare and Institutions Code is amended to read:

10072. The electronic benefits transfer system required by this chapter shall be designed to do, but not be limited to, all of the following:

(a) To the extent permitted by federal law and the rules of the program providing the benefits, recipients who are required to receive their benefits using an electronic benefits transfer system shall be permitted to gain access to the benefits in any part of the state where electronic benefits transfers are accepted. All electronic benefits transfer systems in this state shall be designed to allow recipients to gain access to their benefits by using every other electronic benefits transfer system.

(b) To the maximum extent feasible, electronic benefits transfer systems shall be designed to be compatible with the electronic benefits transfer systems in other states.

(c) All reasonable measures shall be taken in order to ensure that recipients have access to electronically issued benefits through systems such as automated teller machines, point-of-sale devices, or other devices that accept electronic benefits transfer transactions. Benefits provided under Chapter 2 (commencing with Section 11200) of Part 3 shall be staggered over a period of three calendar days, unless a county requests a waiver from the department and the waiver is approved, or in cases of hardship pursuant to subdivision (I).

(d) The system shall provide for reasonable access to benefits to recipients who demonstrate an inability to use an electronic benefits transfer card or other aspect of the system because of disability, language, lack of access, or other barrier. These alternative methods shall conform to the requirements of the Americans with Disabilities Act (42 U.S.C. Sec. 12101, et seq.), including reasonable accommodations for recipients who, because of physical or mental disabilities, are unable to operate or otherwise make effective use of the electronic benefits transfer system.

(e) The system shall permit a recipient the option to choose a personal identification number, also known as a “pin” number, to assist the recipient to remember his or her number in order to allow access to benefits. Whenever an institution, authorized representative, or other third party not part of the recipient household or assistance unit has been issued an electronic benefits transfer card, either in lieu of, or in addition to, the recipient, the third party shall have a separate card and personal identification number. At the option of the recipient, he or she may designate whether restrictions apply to the third party’s access to the recipient’s benefits. At the option of the recipient head of household or assistance unit, the county shall provide one electronic benefits transfer card to each adult member to enable them to access benefits.

(f) The system shall have a 24-hour per day toll-free telephone hotline for the reporting of lost or stolen cards and that will provide recipients with information on how to have the card and personal identification number replaced.

(g) A recipient shall not incur any loss of electronic benefits after reporting that his or her electronic benefits transfer card or personal identification number has been lost or stolen. The system shall provide for the prompt replacement of lost or stolen electronic benefits transfer cards and personal identification numbers. Electronic benefits for which the case was determined eligible and that were not withdrawn by transactions using an authorized personal identification number for the account shall also be promptly replaced.

(h) Electronic benefits transfer system consumers shall be informed on how to use electronic benefits transfer cards and how to protect them from misuse.

(i) Procedures shall be developed for error resolution.

(j) No fee shall be charged by the state, a county, or an electronic benefits processor certified by the state to retailers participating in the electronic benefits transfer system.

(k) Except for CalFresh transactions, a recipient may be charged a fee, not to exceed the amount allowed by applicable state and federal law and customarily charged to other customers, for cash withdrawal transactions that exceed four per month.

(l) A county shall exempt an individual from the three-day staggering requirement under subdivision (c) on a case-by-case basis for hardship. Hardship includes, but is not limited to, the incurrence of late charges on an individual's housing payments.

SEC. 26.5. Section 10544.317 of the Welfare and Institutions Code is amended to read:

10544.317. (a) There is hereby created a welfare reform steering committee comprised of a representative of the California Health and Human Services Agency, who shall chair the committee, the Department of Finance, the State Department of Social Services, the California State Association of Counties, the County Welfare Directors Association of California, representatives of the Legislature appointed by the Speaker of the Assembly, the President pro Tempore of the Senate, the minority leader of the Assembly, and the minority leader of the Senate, and two public members appointed by the Secretary of California Health and Human Services.

(b) The steering committee shall:

(1) Provide advice and consultation on implementation issues related to welfare reform.

(2) Perform other duties as described elsewhere in this division.

SEC. 27. Section 10614 of the Welfare and Institutions Code is amended to read:

10614. (a) The department shall annually submit by September 10 of each year and March 1 of the following year, to the Department of Finance for its approval, all assumptions underlying all estimates related to all of the following:

- (1) Average monthly caseload for each of the categorical aid programs.
- (2) Average grant for each of the categorical aid programs.
- (3) Total estimated expenditures for each of the categorical aid programs.

(4) Savings or costs associated with all regulatory or statutory changes.

(b) The Department of Finance shall approve or modify the assumptions underlying all estimates within 15 working days of their submission. If the Department of Finance does not approve or modify the assumptions by such date, the assumptions as presented by the submitting department shall be deemed to be accepted by the Department of Finance as of that date.

(c) Assumptions shall be released to the legislative fiscal committees immediately following approval or modification by the Department of Finance. The department shall identify those premises to which either of the following apply:

(1) Have been discontinued since the previous estimate was submitted.

(2) Have been placed in the basic cost line of the estimate package.

(d) The department shall submit an estimate of expenditures for each of the categorical aid programs to the Department of Finance by November 1 of each year and April 20 of the following year. Each estimate shall contain a concise statement identifying applicable estimate components, such as caseload, unit cost, implementation date, whether it is a new or continuing premise, and other assumptions necessary to support the estimate. The submittal shall include a projection of the fiscal impact of each of the approved assumptions related to a regulatory, statutory, or policy change; a detailed explanation of any changes to the base estimate projections from the previous estimate; and a projection of the fiscal impact of such change to the base estimate.

(e) (1) The department shall submit to the Department of Finance, as part of the estimates compiled November 1 each year, a brief narrative description of the methodological steps employed in arriving at all of the following:

(A) The basic grant costs for the Aid to Families with Dependent Children program and State Supplementary Program.

(B) The basic administrative costs for the Aid to Families with Dependent Children program and CalFresh.

(C) All cost estimates for the In-Home Supportive Services program.

(D) Any cost estimate for new regulations or legislation which exceeds 2 percent of the total cost of the affected program.

(2) These methodological discussions shall be forwarded to the Joint Legislative Budget Committee and the fiscal committees along with the November 1 annual estimates of expenditures. In addition, the department shall, upon request, develop and make available brief written narratives of the steps taken to arrive at specified estimates. Copies of the written narratives, working papers, and data employed in the construction of any estimate used to prepare the Governor's Budget shall be made available by the State Department of Social Services upon request to the Joint Legislative Budget Committee or the Department of Finance.

(f) In the event that the methodological steps employed in arriving at those estimates in May differ from those used in November of the preceding year, the department shall submit a brief narrative description of the revised methodology to the Department of Finance, the Joint Legislative Budget

Committee, and the fiscal committees, along with other materials included in the annual May Revision of expenditure estimates.

(g) The estimates of average monthly caseloads, average monthly grants, total estimated expenditures (including administrative expenditures and savings or costs associated with all regulatory or statutory changes), as well as all supporting data provided by the department or developed independently by the Department of Finance, shall be made available to the Joint Legislative Budget Committee immediately following approval by the Department of Finance. These departmental estimates, assumptions, and other supporting data as have been prepared shall, however, be forwarded annually to the Joint Legislative Budget Committee not later than January 10 and May 15 by the department if this information has not been released earlier by the Department of Finance.

SEC. 28. Section 10618.5 of the Welfare and Institutions Code is amended to read:

10618.5. (a) The county welfare department shall send any CalFresh applicant who is determined to be eligible for CalFresh benefits and who does not indicate on his or her application an interest in enrolling in the Medi-Cal program a copy of the notice developed pursuant to subdivision (b).

(b) (1) Each county welfare department shall develop a notice informing individuals identified pursuant to subdivision (a) that they may be entitled to receive Medi-Cal benefits and requesting their permission to use the information in the CalFresh recipient's case file to make a determination of eligibility for the Medi-Cal program.

(2) The notice shall also include a request for permission to forward the information in the CalFresh recipient's case file to the Healthy Families Program administrator for eligibility determination if the individual is determined to be eligible to participate in the Medi-Cal program with a share of cost, or is determined to be ineligible for Medi-Cal.

(3) To apply for medical assistance under the Medi-Cal program, the CalFresh recipient shall sign, date, and return the notice requesting that an eligibility determination be made.

(4) Upon receipt of the notice, the county welfare department shall make an eligibility determination by utilizing the information in the CalFresh recipient's case file or paper application. The Medi-Cal application date shall be the date the notice is received by the county welfare department.

(5) If the CalFresh case file does not include sufficient information to establish Medi-Cal program eligibility, the county welfare department shall request, either orally or in writing, additional information from the CalFresh recipient.

(6) The notice shall be written in culturally and linguistically appropriate language and at an appropriate literacy level. The notice shall include information on the Medi-Cal program and the Healthy Families Program, a telephone number that CalFresh recipients may call for additional information, and a prepaid means of returning the notice to the county welfare department to begin the eligibility determination process.

(c) If an individual identified in subdivision (a) or (b) is determined to be eligible to participate in the Medi-Cal program with a share of cost, or is determined to be ineligible for Medi-Cal, information pertinent to the CalFresh recipient's eligibility for the Healthy Families Program shall be forwarded by the county welfare department to the Healthy Families Program statewide administrator for immediate processing. If there is insufficient information to establish Healthy Families Program eligibility, the administrator shall request, either orally or in writing, additional information from the CalFresh recipient.

(d) Counties shall include the cost of implementing this section in their annual administrative budget requests to the State Department of Health Care Services.

SEC. 29. Section 10790 of the Welfare and Institutions Code is amended to read:

10790. (a) The director, in consultation with the County Welfare Directors Association and at least one advocate for welfare recipients, shall establish, within the Aid to Families with Dependent Children (AFDC) program (Chapter 2 (commencing with Section 11200) of Part 3), and CalFresh (Chapter 10 (commencing with Section 18900) of Part 6), the Consolidated Public Assistance Eligibility Determination Demonstration Project.

(b) (1) The director shall, by formal order, waive the enforcement of those regulations and standards necessary to implement the project with federal approval, in order to implement the demonstration project.

(2) The order establishing the waiver authorized by paragraph (1) shall meet all of the following requirements:

(A) It shall provide alternative methods and procedures of eligibility administration.

(B) It shall not conflict with the basic purposes or coverage provided by law.

(C) The director shall determine, based on estimates, the impact of the proposed changes on AFDC and CalFresh recipients. The order shall be implemented only if no more than 5 percent of the recipients are expected to experience a net benefit reduction.

(D) Applications for, and restorations of, aid shall be processed in the shorter of the time periods required for the AFDC and CalFresh programs, when differences exist between the two programs.

(E) It shall not be general in scope and shall apply only to the project authorized by this section.

(3) The order establishing the waiver authorized by paragraph (1) shall take effect only if the appropriate federal agencies have agreed to approve the demonstration project and to waive those federal requirements that are necessary for waiver under the project.

(c) Applicants and recipients under this chapter shall be entitled to the same rights and fair hearings and appeals as those to which they would otherwise be entitled under the AFDC program (Chapter 2 (commencing

with Section 11200) of Part 3) and CalFresh (Chapter 10 (commencing with Section 18900) of Part 6).

(d) The director shall include in the request for any waivers necessary for the implementation of this demonstration project the declaration that if any of the specific elements, pursuant to Section 10791, are deemed unwaivable or are not granted, the other elements may be considered independently and waived as permitted under federal law.

(e) The director may exclude from the request for waivers any specific element, pursuant to subparagraph (D) of paragraph (2) of subdivision (b) of this section or Section 10791, determined to be not cost effective due to significant General Fund costs.

SEC. 30. Section 10791 of the Welfare and Institutions Code is amended to read:

10791. The demonstration program provided for in Section 10790 shall, at a minimum, include the following elements:

(a) Uniform 30 percent disregard from gross earned income and waiver of the 100-hour limit on employment for AFDC-Unemployed recipient eligibility.

(b) Uniform definition of allowable child care disregards for full- or part-time care.

(c) It shall not be presumed that any transfer of property made within three months prior to the time the application was made for purposes of becoming eligible for CalFresh.

(d) Exemption of personal loans as property where a reasonable repayment plan is in place. A reasonable repayment plan shall be defined as a statement from the lender specifying that the money shall be paid back at a future point in time when the individual is able to do so.

(e) Use of standard shelter allowances based on local housing prices without verification in lieu of verified shelter costs.

(f) Exclusion from income financial aid and work study payments that are computed based on need consistent with Section 11008.10.

(g) Application of good cause determinations related to late submission of monthly income reports for CalFresh recipients who also receive AFDC benefits.

(h) Qualification as categorically eligible for CalFresh any individual who is apparently eligible for or has been granted AFDC benefits.

(i) Disregarding as income, for CalFresh, the first fifty dollars (\$50) of child support received, as currently provided for under the AFDC program, to the extent federal funding is available.

(j) Uniform treatment of room and board income, consistent with AFDC program regulations.

(k) Requirement for signatures on monthly income reports, consistent with AFDC program regulations.

(l) Standard deduction for expenses related to self-employment income.

(m) Both programs shall exempt one motor vehicle from property to be considered in determining eligibility.

(n) Both programs shall compute the value of any motor vehicle not exempt from consideration in determining eligibility by subtracting the amount of encumbrances from the fair market value. If an applicant, a recipient, or a county does not agree with the value of a vehicle arrived at through this methodology, the applicant or recipient shall be entitled to the use of either of the following methods for evaluating the motor vehicle:

(1) Submit three appraisals. An appraisal may be made under this paragraph by a car dealer, insurance adjuster, or a personal property appraiser. The average of the three independent appraisals shall be used by the county in evaluating the motor vehicle.

(2) Obtain an appraisal from a county-appointed appraiser.

(o) Adoption of an exclusion from income for both the AFDC and CalFresh programs of one hundred dollars (\$100) per quarter, in lieu of the AFDC nonrecurring gift exclusion and the federal Supplemental Nutrition Assistance Program irregular or infrequent income exclusion.

(p) Standardization of county retention percentages for collection of erroneous payments.

(q) Upon receipt of federal approval of this demonstration project the department, in consultation with the Department of Finance, may delay implementation of any elements determined to be not cost effective until funds are appropriated by the Legislature. The department shall report to the Legislature within that year on the reasons for the determination of non-cost-effectiveness and the changes necessary to make the element cost effective.

SEC. 31. Section 10823 of the Welfare and Institutions Code, as amended by Section 13 of Chapter 4 of the 4th Extraordinary Session of the Statutes of 2009, is amended to read:

10823. (a) (1) The Office of Systems Integration shall implement a statewide automated welfare system for the following public assistance programs:

(A) The CalWORKs program.

(B) CalFresh.

(C) The Medi-Cal program.

(D) The foster care program.

(E) The refugee program.

(F) County medical services programs.

(2) Statewide implementation of the statewide automated welfare system for the programs listed in paragraph (1) shall be achieved through no more than four county consortia, including the Interim Statewide Automated Welfare System Consortium, and the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting System.

(3) Notwithstanding paragraph (2), the Office of Systems Integration shall migrate the 35 counties that currently use the Interim Statewide Automated Welfare System into the C-IV system within the following timeline:

(A) Complete Migration System Test and begin User Acceptance Testing on or before June 30, 2009.

(B) Complete implementation in at least five counties by February 28, 2010.

(C) Complete implementation in at least 14 additional counties on or before May 31, 2010.

(D) Complete implementation in all 35 counties on or before August 31, 2010.

(E) Decommission the Interim Statewide Automated Welfare System on or before January 31, 2011.

(b) Nothing in subdivision (a) transfers program policy responsibilities related to the public assistance programs specified in subdivision (a) from the State Department of Social Services or the State Department of Health Services to the Office of Systems Integration.

(c) On February 1 of each year, the Office of Systems Integration shall provide an annual report to the appropriate committees of the Legislature on the statewide automated welfare system implemented under this section. The report shall address the progress of state and consortia activities and any significant schedule, budget, or functionality changes in the project.

(d) Notwithstanding any other law, the Statewide Automated Welfare System consortia shall have the authority to expend within approved annual state budgets for each system as follows:

(1) Make changes within any line item, provided that the change does not create additional project costs in the current or in a future budget year.

(2) Make a change of up to one hundred thousand dollars (\$100,000) or 10 percent of the total for the line item from which the funds are derived, whichever is greater, between line items with notice to the Office of Systems Integration, provided that the change does not create additional project costs in the current or in a future budget year.

(3) Make requests to the Office of Systems Integration for changes between line items of greater than one hundred thousand dollars (\$100,000) or 10 percent of the total for the line item from which the funds are derived, which do not increase the total cost in the current or a future budget year. The Office of Systems Integration shall take action to approve or deny the request within 10 days.

SEC. 32. Section 10824 of the Welfare and Institutions Code is amended to read:

10824. (a) The counties not participating in the Interim Statewide Automated Welfare System Consortium or the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting Consortium shall collectively pay 5 percent of the total application development costs of the Statewide Automated Welfare System consortium to which they belong. The proportion of the 5 percent of total application development costs paid by a participating county shall be the same proportion that the county's caseload bears to the total consortium caseload for the fiscal year in which the contract for application development is executed. "Caseload" for purposes of this section, means the actual average annual duplicated case counts for the programs included in each consortia's application. A county subject to this section may pay its proportion of application development

costs during development of its consortium's system, or, by agreement with the department, may pay its proportion after its consortium's system in production, but within four years after the start of production in a county.

(b) The department shall pay the county share of all other Statewide Automated Welfare System development and implementation costs approved by the Department of Finance and the federal funding agencies for the counties participating in each consortium, except the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting Consortium.

(c) The department shall pay the county share of maintenance and operations costs for the first 12 months of production of the Statewide Automated Welfare System for the counties participating in each consortium, except the Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting Consortium.

(d) For purposes of this section, "production" means the first conversion of a county case to the Statewide Automated Welfare System application used by the county's consortium, or the first processing of an intake case using the county's Statewide Automated Welfare System consortium application, whichever occurs first.

(e) The department shall pay all Statewide Automated Welfare System maintenance and operations costs for specified counties as defined in this subdivision. A county qualified for Statewide Automated Welfare System maintenance and operations funding is defined as one having an average monthly, duplicated continuing case count below 3,700 cases for the CalWORKs, nonassistance CalFresh, public assistance CalFresh, Medi-Cal, foster care, refugee, and county medical services programs. The department shall make its determination based on actual case counts for the most current full fiscal year. The department shall provide funding for the county share-of-costs for those counties that annually meet this definition until June 30, 2001.

(f) Beginning October 1, 1998, the original 14 Interim Statewide Automated System counties shall pay the county share of Statewide Automated Welfare System maintenance and operations costs at the county administrative cost sharing ratios otherwise provided by law. Counties described in subdivision (e) shall not be subject to this requirement.

(g) The department shall pay the county share of Napa County's Interim Statewide Automated Welfare System's application maintenance costs through September 30, 1998. Beginning October 1, 1998, Napa County shall pay the county share of the Interim Statewide Welfare System application maintenance costs at the county administrative cost sharing ratios otherwise provided by law.

(h) (1) The county shall secure the prior approval of the department for any use of Statewide Automated Welfare System equipment, software or resources for activities and program administration not eligible for federal financial participation.

(2) The county shall allocate Statewide Automated Welfare System costs to the respective programs eligible for federal financial participation in accordance with the cost allocation requirements of each program.

(3) The county shall allocate as Statewide Automated Welfare System costs only for activities and program administration eligible for federal financial participation.

(i) If a county uses Statewide Automated Welfare System equipment, software, or resources for activities and program administration not eligible for federal financial participation, and fails to comply with provisions specified in subdivision (h), the county shall be liable to the department for any disallowance due to that use by the county of Statewide Automated Welfare System equipment, software, or resources. In the event of such a loss, the department may recover the loss by reducing funds otherwise due the county as state participation in programs administered by the county under the supervision of the department.

(j) The department shall fund each county's share of the Central Data Base for the Medi-Cal Eligibility Data System until the end of the 12th month after Statewide Automated Welfare System production begins, as defined in subdivision (d).

SEC. 33. Section 10830 of the Welfare and Institutions Code, as amended by Section 241 of Chapter 179 of the Statutes of 2008, is amended to read:

10830. (a) The department and the Health and Welfare Data Center shall design, implement, and maintain a statewide fingerprint imaging system for use in connection with the determination of eligibility for benefits under the California Work Opportunity and Responsibility to Kids Act (CalWORKs) program under Chapter 2 (commencing with Section 11200) of Part 3 excluding Aid to Families with Dependent Children-Foster Care (AFDC-FC), and CalFresh under Chapter 10 (commencing with Section 18900) of Part 6.

(b) (1) Every applicant for, or recipient of, aid under Chapter 2 (commencing with Section 11200) of Part 3, excluding the AFDC-FC program and Chapter 10 (commencing with Section 18900) of Part 6, other than dependent children or persons who are physically unable to be fingerprint imaged, shall, as a condition of eligibility for assistance, be required to be fingerprint imaged.

(2) A person subject to paragraph (1) shall not be eligible for the CalWORKs program or CalFresh until fingerprint images are provided, except as provided in subdivision (e). Ineligibility may extend to an entire case of a person who refuses to provide fingerprint images.

(c) The department may adopt emergency regulations to implement this section specifying the statewide fingerprint imaging requirements and exemptions to the requirements in accordance with 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 initial adoption of any emergency regulations implementing this section, as added during the 1996 portion of the 1995–96 Regular Session, shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Emergency regulations adopted pursuant to this subdivision shall remain in effect for no more than 180 days.

(d) Persons required to be fingerprint imaged pursuant to this section shall be informed that fingerprint images obtained pursuant to this section shall be used only for the purpose of verifying eligibility and preventing multiple enrollments in the CalWORKs program or CalFresh. The department, county welfare agencies, and all others shall not use or disclose the data collected and maintained for any purpose other than the prevention or prosecution of fraud. Fingerprint imaging information obtained pursuant to this section shall be confidential under Section 10850.

(e) (1) Except as provided in paragraph (2), the fingerprint imaging required under this chapter shall be scheduled only during the application appointment or other regularly scheduled appointments. No other special appointment shall be required. No otherwise eligible individual shall be ineligible to receive benefits under this chapter due to a technical problem occurring in the fingerprint imaging system or as long as the person consents to and is available for fingerprint imaging at a mutually agreed-upon time, not later than 60 days from the initial attempt to complete fingerprint imaging.

(2) During the first nine months following implementation, recipients may be scheduled for separate appointments to complete the fingerprint imaging required by this section. Notice shall be mailed first class by the department to recipients at least 10 days prior to the appointment, and shall include procedures for the recipient to reschedule the scheduled appointment within 30 days.

(f) If the fingerprint image of an applicant or recipient of aid to which this section applies matches another fingerprint image on file, the county shall notify the applicant or recipient. In the event that a match is appealed, the fingerprint image match shall be verified by a trained individual and any matching case files reviewed prior to the denial of benefits. Upon confirmation that the applicant or recipient is receiving or attempting to receive multiple CalWORKs program checks, a county fraud investigator shall be notified.

SEC. 34. Section 10840 of the Welfare and Institutions Code is amended to read:

10840. (a) The director and the Director of Health Care Services shall implement a comprehensive program for the simplification of administration of the Aid to Families with Dependent Children, Medi-Cal, and CalFresh programs, which shall include the elements identified in Section 10841. The director shall prepare appropriate amendments in the state plan for these programs and waiver requests of federal requirements that are necessary for the implementation of this chapter.

(b) The director and the Director of Health Care Services shall, by formal order, waive the enforcement of those regulations and standards necessary to implement the project with federal approval, in order to implement the demonstration project.

SEC. 35. Section 10842 of the Welfare and Institutions Code is amended to read:

10842. (a) The State Department of Social Services and the State Department of Health Care Services shall jointly, in consultation with the County Welfare Directors Association, establish a consolidated county administrative performance system that shall establish state subventions for county administrative costs for the Aid to Families with Dependent Children program, Medi-Cal, and CalFresh.

(b) Subventions shall be based on actual caseload for each program, including intake and continuing cases, experienced by each county. Reimbursement per case shall be uniform for similar size counties and shall be based on standards for workload performance, or cases per worker, overhead rates, and salary levels for welfare department personnel.

(c) Administrative standards shall be based on actual performance in the most recent fiscal year for which appropriate data is available.

(d) Allocation of costs among welfare programs shall, to the extent feasible, be based on ongoing random moment studies. Sampling rates shall be high enough to provide reasonably accurate and statistically valid updates of prior allocation ratios.

(e) This performance system shall be implemented in each county upon the establishment of a statewide automated welfare system.

SEC. 36. Section 10850.31 of the Welfare and Institutions Code is amended to read:

10850.31. (a) For the CalWORKs program and CalFresh only, notwithstanding any other provision of law, the address, social security number, and, if available, photograph of any applicant or recipient shall be made available, on request, to any federal, state, or local law enforcement officer if the officer furnishes the county welfare department with the name of the applicant or recipient and notifies the county welfare department that the following apply:

(1) Any one of the following applies:

(A) The applicant or recipient is fleeing to avoid prosecution, custody, or confinement after conviction, for a crime that, under the law of the place the applicant is fleeing, is a felony, or, in the case of New Jersey, a high misdemeanor.

(B) The applicant or recipient is violating a condition of probation or parole imposed under state or federal law.

(C) The applicant or recipient has information that is necessary for the officer to conduct an official duty related to those issues stated in paragraph (1) or (2).

(2) Locating or apprehending the applicant or recipient is an official duty of the law enforcement officer.

(3) The request is being made in the proper exercise of an official duty.

(b) This section shall not authorize the release of a general list identifying individuals applying for or receiving public social services under the CalWORKs program or CalFresh.

(c) This section shall be implemented only to the extent permitted by federal law.

SEC. 37. Section 10980 of the Welfare and Institutions Code, as amended by Section 56 of Chapter 28 of the Third Extraordinary Session of the Statutes of 2009, is amended to read:

10980. (a) Any person who, willfully and knowingly, with the intent to deceive, makes a false statement or representation or knowingly fails to disclose a material fact in order to obtain aid under the provisions of this division or who, knowing he or she is not entitled thereto, attempts to obtain aid or to continue to receive aid to which he or she is not entitled, or to receive a larger amount than that to which he or she is legally entitled, is guilty of a misdemeanor, punishable by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars (\$500), or by both imprisonment and fine.

(b) Any person who knowingly makes more than one application for aid under the provisions of this division with the intent of establishing multiple entitlements for any person for the same period or who makes an application for that aid for a fictitious or nonexistent person or by claiming a false identity for any person is guilty of a felony, punishable by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, or by a fine of not more than one thousand dollars (\$1,000), or by both imprisonment and fine.

(c) Whenever any person has, willfully and knowingly, with the intent to deceive, by means of false statement or representation, or by failing to disclose a material fact, or by impersonation or other fraudulent device, obtained or retained aid under the provisions of this division for himself or herself or for a child not in fact entitled thereto, the person obtaining this aid shall be punished as follows:

(1) If the total amount of the aid obtained or retained is nine hundred fifty dollars (\$950) or less, by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars (\$500), or by both imprisonment and fine.

(2) If the total amount of the aid obtained or retained is more than nine hundred fifty dollars (\$950), by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, by a fine of not more than one thousand dollars (\$1,000), or by both imprisonment and fine.

(d) Any person who knowingly uses, transfers, acquires, or possesses blank authorizations to participate in the federal Supplemental Nutrition Assistance Program in any manner not authorized by Chapter 10 (commencing with Section 18900) of Part 6 with the intent to defraud is guilty of a felony, punishable by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine.

(e) Any person who counterfeits or alters or knowingly uses, transfers, acquires, or possesses counterfeited or altered authorizations to participate in the federal Supplemental Nutrition Assistance Program or to receive CalFresh benefits or electronically transferred benefits in any manner not authorized by the federal Food Stamp Act of 1964 (Public Law 88-525 and all amendments thereto) or the federal Food and Nutrition Act of 2008 (7 U.S.C. Sec. 2011 et seq.) or the federal regulations pursuant to the act is guilty of forgery.

(f) Any person who fraudulently appropriates CalFresh benefits, electronically transferred benefits, or authorizations to participate in the federal Supplemental Nutrition Assistance Program with which he or she has been entrusted pursuant to his or her duties as a public employee is guilty of embezzlement of public funds.

(g) Any person who knowingly uses, transfers, sells, purchases, or possesses CalFresh benefits, electronically transferred benefits, or authorizations to participate in the federal Supplemental Nutrition Assistance Program in any manner not authorized by Chapter 10 (commencing with Section 18900), of Part 6, or by the federal Food Stamp Act of 1977 (Public Law 95-113 and all amendments thereto) or the Food and Nutrition Act of 2008 (7 U.S.C. Sec. 2011 et seq.) (1) is guilty of a misdemeanor if the face value of the CalFresh benefits or the authorizations to participate is nine hundred fifty dollars (\$950) or less, and shall be punished by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars (\$500), or by both imprisonment and fine, or (2) is guilty of a felony if the face value of the CalFresh benefits or the authorizations to participate exceeds nine hundred fifty dollars (\$950), and shall be punished by imprisonment in the state prison for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine, or by imprisonment in the county jail for a period of not more than one year, or by a fine of not more than one thousand dollars (\$1,000), or by both imprisonment and fine.

(h) (1) If the violation of subdivision (f) or (g) is committed by means of an electronic transfer of benefits, in addition and consecutive to the penalties for the violation, or attempted violation, of those subdivisions, the court shall impose the following punishment:

(A) If the electronic transfer of benefits exceeds fifty thousand dollars (\$50,000), an additional term of one year in state prison.

(B) If the electronic transfer of benefits exceeds one hundred fifty thousand dollars (\$150,000), an additional term of two years in state prison.

(C) If the electronic transfer of benefits exceeds one million dollars (\$1,000,000), an additional term of three years in state prison.

(D) If the electronic transfer of benefits exceeds two million five hundred thousand dollars (\$2,500,000), an additional term of four years.

(2) In any accusatory pleading involving multiple charges of violations of subdivision (f) or (g), or both, committed by means of an electronic transfer of benefits, the additional terms provided in paragraph (1) may be imposed if the aggregate losses to the victims from all violations exceed

the amounts specified in this paragraph and arise from a common scheme or plan.

(i) A person who is punished by an additional term of imprisonment under another provision of law for a violation of subdivision (f) or (g) shall not receive an additional term of imprisonment under subdivision (h).

SEC. 37.5. Section 10980 of the Welfare and Institutions Code, as amended by Section 629 of Chapter 15 of the Statutes of 2011, is amended to read:

10980. (a) Any person who, willfully and knowingly, with the intent to deceive, makes a false statement or representation or knowingly fails to disclose a material fact in order to obtain aid under the provisions of this division or who, knowing he or she is not entitled thereto, attempts to obtain aid or to continue to receive aid to which he or she is not entitled, or to receive a larger amount than that to which he or she is legally entitled, is guilty of a misdemeanor, punishable by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars (\$500), or by both imprisonment and fine.

(b) Any person who knowingly makes more than one application for aid under the provisions of this division with the intent of establishing multiple entitlements for any person for the same period or who makes an application for that aid for a fictitious or nonexistent person or by claiming a false identity for any person is guilty of a felony, punishable by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, or by a fine of not more than one thousand dollars (\$1,000), or by both imprisonment and fine.

(c) Whenever any person has, willfully and knowingly, with the intent to deceive, by means of false statement or representation, or by failing to disclose a material fact, or by impersonation or other fraudulent device, obtained or retained aid under the provisions of this division for himself or herself or for a child not in fact entitled thereto, the person obtaining this aid shall be punished as follows:

(1) If the total amount of the aid obtained or retained is nine hundred fifty dollars (\$950) or less, by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars (\$500), or by both imprisonment and fine.

(2) If the total amount of the aid obtained or retained is more than nine hundred fifty dollars (\$950), by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine; or by imprisonment in the county jail for a period of not more than one year, by a fine of not more than one thousand dollars (\$1,000), or by both imprisonment and fine.

(d) Any person who knowingly uses, transfers, acquires, or possesses blank authorizations to participate in the federal Supplemental Nutrition

Assistance Program in any manner not authorized by Chapter 10 (commencing with Section 18900) of Part 6 with the intent to defraud is guilty of a felony, punishable by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine.

(e) Any person who counterfeits or alters or knowingly uses, transfers, acquires, or possesses counterfeited or altered authorizations to participate in the federal Supplemental Nutrition Assistance Program or to receive CalFresh benefits or electronically transferred benefits in any manner not authorized by the federal Food Stamp Act of 1964 (Public Law 88-525 and all amendments thereto) or the federal Food and Nutrition Act of 2008 (7 U.S.C. Sec. 2011 et seq.) or the federal regulations pursuant to the act is guilty of forgery.

(f) Any person who fraudulently appropriates CalFresh benefits, electronically transferred benefits, or authorizations to participate in the federal Supplemental Nutrition Assistance Program with which he or she has been entrusted pursuant to his or her duties as a public employee is guilty of embezzlement of public funds.

(g) Any person who knowingly uses, transfers, sells, purchases, or possesses CalFresh benefits, electronically transferred benefits, or authorizations to participate in the federal Supplemental Nutrition Assistance Program in any manner not authorized by Chapter 10 (commencing with Section 18900), of Part 6, or by the federal Food Stamp Act of 1977 (Public Law 95-113 and all amendments thereto) or the Food and Nutrition Act of 2008 (7 U.S.C. Sec. 2011 et seq.) (1) is guilty of a misdemeanor if the face value of the food stamp benefits or the authorizations to participate is nine hundred fifty dollars (\$950) or less, and shall be punished by imprisonment in the county jail for a period of not more than six months, by a fine of not more than five hundred dollars (\$500), or by both imprisonment and fine, or (2) is guilty of a felony if the face value of the CalFresh benefits or the authorizations to participate exceeds nine hundred fifty dollars (\$950), and shall be punished by imprisonment pursuant to subdivision (h) of Section 1170 of the Penal Code for a period of 16 months, two years, or three years, by a fine of not more than five thousand dollars (\$5,000), or by both that imprisonment and fine, or by imprisonment in the county jail for a period of not more than one year, or by a fine of not more than one thousand dollars (\$1,000), or by both imprisonment and fine.

(h) (1) If the violation of subdivision (f) or (g) is committed by means of an electronic transfer of benefits, in addition and consecutive to the penalties for the violation, or attempted violation, of those subdivisions, the court shall impose the following punishment:

(A) If the electronic transfer of benefits exceeds fifty thousand dollars (\$50,000), an additional term pursuant to subdivision (h) of Section 1170 of the Penal Code of one year.

(B) If the electronic transfer of benefits exceeds one hundred fifty thousand dollars (\$150,000), an additional term pursuant to subdivision (h) of Section 1170 of the Penal Code of two years.

(C) If the electronic transfer of benefits exceeds one million dollars (\$1,000,000), an additional term pursuant to subdivision (h) of Section 1170 of the Penal Code of three years.

(D) If the electronic transfer of benefits exceeds two million five hundred thousand dollars (\$2,500,000), an additional term of four years.

(2) In any accusatory pleading involving multiple charges of violations of subdivision (f) or (g), or both, committed by means of an electronic transfer of benefits, the additional terms provided in paragraph (1) may be imposed if the aggregate losses to the victims from all violations exceed the amounts specified in this paragraph and arise from a common scheme or plan.

(i) A person who is punished by an additional term of imprisonment under another provision of law for a violation of subdivision (f) or (g) shall not receive an additional term of imprisonment under subdivision (h).

SEC. 38. Section 11006.6 of the Welfare and Institutions Code is amended to read:

11006.6. (a) The department may establish and operate a central benefit issuance system in one or more counties whereby grants in aid paid pursuant to this part or any other program administered by the department and cash payments under CalFresh may be issued directly to the recipient by the Controller. Warrants representing payments under this system shall be drawn on the Central Benefit Issuance Fund. In counties where the central benefit issuance system is in operation, Sections 15150, 15150.5, 15151, and 15153, and any other related section shall not apply with respect to benefits.

(b) (1) In a case of emergency or immediate need by a recipient that cannot be addressed in a timely manner, as set forth in existing law, by issuance of a Controller's warrant, those counties, acting as agents for the department, shall authorize payment to be issued by the Central Benefit Issuance System directly to recipients from a department account designated for that purpose.

(2) Any check issued pursuant to paragraph (1) that remains unpaid for 180 days after it becomes payable shall be void and shall be canceled by the department and redeposited to the account from which it is drawn. The department shall cause to be printed prominently on the face of any check issued pursuant to paragraph (1) a notice of the requirements of this paragraph.

(c) The department shall ensure that aid issued through a central benefit issuance system is delivered timely and that the system does not reduce the accessibility of benefits and services to the recipient.

SEC. 39. Section 11023.5 of the Welfare and Institutions Code is amended to read:

11023.5. (a) Any applicant or recipient of benefits under the Aid to Families with Dependent Children, CalFresh, and Medi-Cal programs, who delivers a document which has been requested by the county welfare

department shall, upon the applicant's or recipient's request, be provided with a written receipt indicating that the county welfare department has received the document. A notice which explains an applicant's and recipient's right to receipts upon request shall be prominently posted by the county welfare department at the location where the document is to be delivered. The receipt shall be issued at the time the document is delivered.

(1) A county which maintains a system of logging hand delivered documents is exempt from the requirements of this subdivision.

(2) County welfare departments which provide receipts for all hand delivered documents without a request by an applicant or recipient shall be exempt from the notice posting requirement.

(b) The county welfare department shall only provide receipts for documents which have been delivered in person to a county welfare department employee other than the applicant's or recipient's regularly assigned caseworker and to the location in which or through which the caseworker conducts his or her business. Only one receipt is required for monthly income reports and their supporting documents which are hand delivered. Monthly income reports and other requested documents which have been mailed shall not be subject to the requirements of this section.

(c) In consultation with the County Welfare Directors Association and the Coalition of California Welfare Rights Organizations, the department shall develop the notice which informs applicants and recipients of the right to receipts for hand delivered documents and shall develop minimum guidelines for county receipt forms.

(d) As used in this section, "applicant or recipient" means an applicant or recipient of benefits under the Aid to Families with Dependent Children, CalFresh, and Medi-Cal programs.

SEC. 40. Section 11053.2 of the Welfare and Institutions Code is amended to read:

11053.2. (a) Notwithstanding any other law, the department shall establish a process of intercounty transfer of eligibility for CalFresh benefits provided under Chapter 10 (commencing with Section 18900) of Part 6 when a recipient changes residence from one county to another within the state. The intercounty transfer process shall facilitate a recipient's move from one county to another without a break in benefits and without requiring a new application to be submitted to the new county of residence.

(b) (1) For CalFresh recipients who are receiving CalWORKs benefits pursuant to Chapter 2 (commencing with Section 11200), the intercounty transfer process utilized for CalWORKs shall be used.

(2) For CalFresh recipients who are receiving Medi-Cal benefits pursuant to Chapter 7 (commencing with Section 14000), but are not receiving CalWORKs benefits pursuant to Chapter 2 (commencing with Section 11200), the intercounty transfer process utilized for the Medi-Cal program shall be used.

(3) This subdivision shall be implemented no later than April 1, 2011.

(c) For CalFresh recipients who are not receiving CalWORKs or Medi-Cal benefits as described in paragraphs (1) and (2) of subdivision (b), an

intercounty transfer process shall be developed, in consultation with representatives of county human services departments and advocates for recipients. To the greatest extent possible, the process shall be simple, client friendly, ensure the client does not need to provide copies of documents that were previously provided to the prior county of residence, build on existing processes for the programs described in paragraphs (1) and (2) of subdivision (b), and minimize workload for county eligibility operations. The process developed pursuant to this subdivision shall be implemented no later than July 1, 2011.

(d) Upon the implementation of the intercounty transfer procedures set forth in this section, it shall be the responsibility of a recipient changing residence from one county to another within the state to notify his or her prior county of residence of his or her move. The prior county of residence shall notify the new county of the recipient's move as soon as the recipient's location in the new county is known. The new county of residence shall be responsible for determining the recipient's continued eligibility for payment of CalFresh benefits. To the extent permitted by federal law, the new county of residence shall not be required to interview persons in the CalFresh household to determine continued eligibility until the next scheduled recertification or other regularly scheduled interview.

(e) Notwithstanding 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 department may implement this section through all-county letters, or similar instructions from the director no later than April 1, 2011, with respect to subdivision (b), and no later than July 1, 2011, with respect to subdivision (c).

(f) The department shall adopt regulations as otherwise necessary to implement this section no later than July 1, 2012. Emergency regulations adopted for implementation of this section may be adopted by the director in accordance with 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 adoption of emergency regulations shall be deemed to be an emergency and necessary for immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days.

SEC. 41. Section 11104.1 of the Welfare and Institutions Code is amended to read:

11104.1. The State Department of Social Services and the State Department of Health Care Services shall not take any compliance, disallowance, penalty, or other regulatory action against a county, as long as the United States Department of Health and Human Services has not taken any compliance, disallowance, penalty, or other action against the state, with respect to any error in the county's determination to make an individual eligible for benefits under the Aid to Families with Dependent

Children, CalFresh, and Medi-Cal programs based on citizenship or immigration status, under any of the following circumstances:

(a) The county has determined the eligibility based on a verification of satisfactory immigration status by the Immigration and Naturalization Service.

(b) The county was required by federal law to provide the applicant or recipient a reasonable opportunity to submit documentation.

(c) The county was required by federal law to wait for the response of the Immigration and Naturalization Service to the county's request for official verification of the immigration status of the individual.

(d) A fair hearing process was required pursuant to federal law.

SEC. 42. Section 11155 of the Welfare and Institutions Code is amended to read:

11155. (a) Notwithstanding Section 11257, in addition to the personal property or resources permitted by other provisions of this part, and to the extent permitted by federal law, an applicant or recipient for aid under this chapter including an applicant or recipient under Chapter 2 (commencing with Section 11200) may retain countable resources in an amount equal to the amount permitted under federal law for qualification for the federal Supplemental Nutrition Assistance Program, administered in California as CalFresh.

(b) The county shall determine the value of exempt personal property other than motor vehicles in conformance with methods established under CalFresh.

(c) (1) The value of licensed vehicles shall be the greater of the fair market value as provided in paragraph (3) or the equity value, as provided in paragraph (5), unless an exemption as provided in paragraph (2) applies.

(2) The entire value of any licensed vehicle shall be exempt if any of the following apply:

(A) It is used primarily for income-producing purposes.

(B) It annually produces income that is consistent with its fair market value, even if used on a seasonal basis.

(C) It is necessary for long distance travel, other than daily commuting, that is essential for the employment of a family member.

(D) It is used as the family's residence.

(E) It is necessary to transport a physically disabled family member, including an excluded disabled family member, regardless of the purpose of the transportation.

(F) It would be exempted under any of subparagraphs (A) to (D), inclusive, but the vehicle is not in use because of temporary unemployment.

(G) It is used to carry fuel for heating for home use, when the transported fuel or water is the primary source of fuel or water for the family.

(H) The equity value of the vehicle is one thousand five hundred one dollars (\$1,501) or less.

(3) Each licensed vehicle that is not exempted under paragraph (2) shall be individually evaluated for fair market value, and any portion of the value that exceeds four thousand six hundred fifty dollars (\$4,650) shall be

attributed in full market value toward the family's resource level, regardless of any encumbrances on the vehicle, the amount of the family's investment in the vehicle, and whether the vehicle is used to transport family members to and from employment.

(4) Any licensed vehicle that is evaluated for fair market value shall also be evaluated for its equity value, except for the following:

(A) One licensed vehicle per adult family member, regardless of the use of the vehicle.

(B) Any licensed vehicle, other than those to which subparagraph (A) applies, that is driven by a family member under 18 years of age to commute to, and return from his or her place of employment or place of training or education that is preparatory to employment, or to seek employment. This subparagraph applies only to vehicles used during a temporary period of unemployment.

(5) For purposes of this section, the equity value of a licensed vehicle is the fair market value less encumbrances.

(d) The value of any unlicensed vehicle shall be the fair market value less encumbrances, unless an exemption applies under paragraph (2).

SEC. 43. Section 11155.3 of the Welfare and Institutions Code is amended to read:

11155.3. (a) It is the intent of the Legislature in enacting this section to provide counties and recipients of aid under Chapter 2 (commencing with Section 11200) with increased flexibility to determine allowable business expenses and income reporting periods in order to facilitate local microenterprise development, maximize opportunities for a family to become self-sufficient, and reduce unnecessary paperwork processing by county staff.

(b) Self-employment net income shall be used in computing the aid grant under Chapter 2 (commencing with Section 11200).

(c) For purposes of determining the self-employment net income for applicants and recipients of aid under Chapter 2 (commencing with Section 11200), applicants and recipients may choose to deduct a standard deduction of 40 percent of gross income or verified actual self-employment expenses to the same extent allowed in CalFresh pursuant to Chapter 10 (commencing with Section 18900) of Part 6. Applicants and recipients may change the method of deduction only when a redetermination of eligibility is conducted by the county or every six months, whichever occurs first.

SEC. 44. Section 11265.1 of the Welfare and Institutions Code, as added by Section 30 of Chapter 1022 of the Statutes of 2002, is amended to read:

11265.1. (a) In addition to the requirement for an annual redetermination of eligibility, counties shall redetermine recipient eligibility and grant amounts on a quarterly basis using prospective budgeting. Counties shall use the information reported on a recipient's quarterly report form to prospectively determine eligibility and grant amount for the following quarterly reporting period.

(b) A quarterly reporting period shall be three consecutive calendar months. The recipient shall submit one quarterly report form for each

quarterly reporting period. Counties shall provide a quarterly report form to recipients at the end of the second month of the quarterly reporting period, and recipients shall return the completed quarterly report form with required verification to the county by the 11th day of the third month of the quarterly reporting period.

(c) Counties may establish staggered quarterly reporting cycles based on factors established or approved by the department, including, but not limited to, application date or case number.

(d) The quarterly report form shall be signed under penalty of perjury, and shall include only information necessary to determine CalWORKs and CalFresh eligibility and calculate the CalWORKs grant amount and CalFresh allotment, as specified by the department. The form shall be as comprehensible as possible for recipients and shall require recipients to provide the following:

(1) Information about income received during the second month of the quarterly reporting period.

(2) Information about income that the recipient anticipates receiving during the following quarterly reporting period.

(3) Any other changes to facts required to be reported, together with any changes to those facts that the recipient anticipates will occur. The recipient shall provide verification as specified by the department with the quarterly report form.

(e) A quarterly report form shall be considered complete if the following requirements, as specified by the department, are met:

(1) The form is signed no earlier than the first day of the third month of the quarterly reporting period by the persons specified by the department.

(2) All questions and items pertaining to CalWORKs and CalFresh eligibility and grant amount are answered.

(3) Verification required by the department is provided.

(f) If a recipient fails to submit a complete quarterly report form, as defined in subdivision (e), by the 11th day of the third month of the quarterly reporting period, the county shall provide the recipient with a notice that the county will terminate benefits at the end of the month. Prior to terminating benefits, the county shall attempt to make personal contact to remind the recipient that a completed report is due, or, if contact is not made, shall send a reminder notice to the recipient no later than five days prior to the end of the month. Any discontinuance notice shall be rescinded if a complete report is received by the first working day of the first month of the following quarterly reporting period.

(g) The county may determine, at any time prior to the last day of the calendar month following discontinuance for nonsubmission of a quarterly report form, that a recipient had good cause for failing to submit a complete quarterly report form, as defined in subdivision (e), by the first working day of the month following discontinuance. If the county finds a recipient had good cause, as defined by the department, it shall rescind the discontinuance notice. Good cause exists only when the recipient cannot reasonably be

expected to fulfill his or her reporting responsibilities due to factors outside of the recipient's control.

SEC. 45. Section 11265.5 of the Welfare and Institutions Code is amended to read:

11265.5. (a) (1) The department may, subject to the requirements of federal regulations and Section 18204, conduct three pilot projects, to be located in the Counties of Los Angeles, Merced, and Santa Clara, upon approval of the department and the participating counties. The pilot projects shall test the reporting systems described in subparagraphs (A), (B), and (C) of paragraph (4).

(2) (A) The pilot project conducted in Los Angeles County shall test one or both reporting systems described in subparagraphs (A) and (B) of paragraph (4). The pilot project population for each test shall be limited to 10,000 cases.

(B) The pilot projects in the other counties shall test one of the reporting systems described in subparagraph (A) or (C) of paragraph (4) and shall be limited to 2,000 cases per project.

(3) (A) The pilot projects shall be designed and conducted according to standard scientific principles, and shall be in effect for a period of 24 months.

(B) The projects may be extended an additional year upon the approval of the department.

(C) The projects shall be designed to compare the monthly reporting system with alternatives described in paragraph (4) as to all of the following phenomena:

(i) Administrative savings resulting from reduced worker time spent in reviewing monthly reports.

(ii) The amount of cash assistance paid to families.

(iii) The rate of administrative errors in cases and payments.

(iv) The incidence of underpayments and overpayments and the costs to recipients and the administering agencies of making corrective payments and collecting overpayments.

(v) Rates at which recipients lose eligibility for brief periods due to failure to submit a monthly report but file new applications for aid and thereafter are returned to eligible status.

(vi) Cumulative benefits and costs to each level of government and to aid recipients resulting from each reporting system.

(vii) The incidence of, and ability to, prosecute fraud.

(viii) Ease of use by clients.

(ix) Case errors and potential sanction costs associated with those errors.

(4) The pilot projects shall adopt reporting systems providing for one or more of the following:

(A) A reporting system that requires families with no income or whose only income is comprised of old age, survivors, or disability insurance benefits administered pursuant to Subchapter 2 (commencing with Section 401) of Chapter 7 of Title 42 of the United States Code, and with no recent work history to report changes in circumstances that affect eligibility and grant amount as changes occur. These changes shall be reported directly to

the county welfare department in person, in writing, or by telephone. In all cases in which monthly reporting is not required, a form advising recipients of what changes must be reported, and how they may be reported shall be provided to recipients of aid along with benefit payments each month.

(B) A reporting system that permits families with no income or whose only income is comprised of old age, survivors, or disability insurance benefits administered pursuant to Subchapter 2 (commencing with Section 401) of Chapter 7 of Title 42 of the United States Code, and with no changes in eligibility criteria, to report electronically monthly, using either an audio response or the CalFresh online issuance and recording system, or a combination of both. Adequate instruction and training shall be provided to county welfare department staff and to recipients who choose to use this system prior to its implementation.

(C) A reporting system that requires all families to report changes in circumstances that affect eligibility and grant amount as changes occur. The changes shall be reported directly to the county welfare department in person, in writing, or by telephone. In all cases in which monthly reporting is not required, a form advising recipients of what changes must be reported, and how they may be reported, shall be provided to recipients of aid along with benefit payments each month.

(b) (1) The participating counties shall be responsible for preparing federal demonstration project proposals, to be submitted by the department, upon the department's review and approval of the proposals, to the federal agency on the counties' behalf. The development, operation, and evaluation of the pilot projects shall not result in an increase in the state allocation of county administrative funds.

(1.5) Each pilot county shall prepare and submit quarterly reports, annual reports, and a final report to the department.

(2) Each quarterly report shall be submitted no later than 30 calendar days after the end of the quarter.

(3) Each annual report shall be submitted no later than 45 days after the end of the year.

(4) (A) Each pilot county shall submit a final report not later than 90 days following completion of the pilot projects required by this section.

(B) (i) As part of the final report, the pilot counties shall prepare and submit evaluations of the pilot projects to the department.

(ii) Each evaluation shall include, but not be limited to, an analysis of the factors set forth in paragraph (3) of subdivision (a) compared to each other and the current reporting systems in both the AFDC program and CalFresh. The final evaluations shall be prepared by an independent consultant or consultants contracted with for that purpose prior to the commencement of the projects.

(C) The department shall review and approve the evaluations submitted by the pilot counties and shall submit them to the appropriate policy and fiscal committees of the Legislature.

(c) The department may terminate any or all of the pilot projects implemented pursuant to this section after a period of six months of operation

if one or more of the pilot counties submits data to the department, or information is otherwise received, indicating that the pilot project or projects are not cost-effective or adversely impact recipients or county or state operations based on the factors set forth in subparagraph (C) of paragraph (3) of subdivision (a).

(d) The pilot projects shall be implemented only upon receipt of the appropriate federal waivers.

SEC. 46. Section 11265.6 of the Welfare and Institutions Code is amended to read:

11265.6. (a) The department may conduct up to five demonstrations of alternatives to the current monthly reporting system, CalFresh recertification, and AFDC redeterminations. These demonstrations shall be designed to reduce paperwork, achieve administrative savings, and maintain or enhance program integrity. The department, in consultation with the counties that request designation as a demonstration county, shall determine the scope of the demonstrations.

(b) The director may waive, with federal approval, the enforcement of specific federal Supplemental Nutrition Assistance Program requirements, regulations, and standards necessary to conduct these demonstrations.

SEC. 47. Section 11265.7 of the Welfare and Institutions Code is amended to read:

11265.7. (a) The department may conduct a demonstration in up to three counties of alternatives to the current monthly reporting system, CalFresh recertification, and AFDC redeterminations for recipients of alternative assistance. This demonstration shall be designed to reduce paperwork, achieve administrative savings, and maintain or enhance program integrity. The department, in consultation with the counties which request designation as a demonstration county shall determine the scope of the demonstrations.

(b) The director may waive, with federal approval, the enforcement of specific federal Supplemental Nutrition Assistance Program requirements, regulations, and standards necessary to conduct these demonstrations.

SEC. 48. Section 11266 of the Welfare and Institutions Code is amended to read:

11266. (a) At the time of application, the county shall determine whether the applicant needs immediate assistance because the applicant does not have sufficient resources to meet his or her emergency needs, and shall determine whether the applicant is apparently eligible for aid under this chapter.

(1) The county shall determine that the applicant needs immediate assistance if the family's total available liquid resources, both nonexempt and exempt, are less than one hundred dollars (\$100) and there is an emergency situation, whether foreseeable or not. Examples of emergency situations include, but are not limited to, lack of housing, lack of food, notice of termination or loss of utility service, lack of essential clothing (including diapers), and inability to meet essential transportation needs.

(2) Apparent eligibility exists when evidence presented by the applicant or which is otherwise available to the county welfare department and the information provided on the application documents indicate that there would be eligibility for aid under this chapter if the evidence and information were verified. An alien applicant who does not provide verification of his or her eligible alien status, or a woman with no eligible children who does not provide medical verification of pregnancy, shall not be considered to be apparently eligible under this subdivision.

(b) If an applicant needs immediate assistance, and is apparently eligible for aid as defined in subdivision (a), the county shall pay the applicant two hundred dollars (\$200) or the maximum amount for which that applicant is eligible, whichever is less. The advance payment shall be made by the end of the first working day following the request for that aid. The county shall verify the applicant's eligibility for aid within 15 working days of the date that immediate need is requested, and advance payments made under this section shall be offset against the first grant payment made to the recipient.

(c) An applicant's receipt of a notice of eviction, including a three-day notice to pay or quit, shall constitute an emergency situation under subdivision (a), irrespective of the one hundred dollar (\$100) resource test, if the applicant has insufficient income or resources to pay the rent owing. In those cases, the county shall give the applicant the option of receiving an immediate advance on the grant as described in subdivision (b), or an expedited determination of eligibility for aid. Before an applicant decides between these two options, the county shall fully apprise the applicant, in writing, of all information necessary to establish eligibility for aid. If an applicant requests expedited determination of eligibility for aid, the county shall complete the determination of eligibility for aid under this chapter, and, if the applicant is determined to be eligible, issue payment of the full prorated grant no more than three working days from the request for immediate need. If the eligibility determination is not made within this three-day period, the county shall immediately pay the applicant two hundred dollars (\$200) or the maximum amount for which the applicant is eligible, whichever is less, as specified in subdivisions (a) and (b). The county shall verify the applicant's eligibility within 15 working days of the date of the request for immediate assistance, and advance payments made under this subdivision shall be offset against the first grant payment made to the recipient.

(d) (1) The county may deny an immediate advance payment if the applicant's only immediate need is homelessness and this need will be met by issuance of nonrecurring special needs payment in accordance with subdivision (f) of Section 11450, or if the applicant's only immediate need is lack of food and this need will be met by issuance of CalFresh benefits within one working day of the request therefor. With regard to all other immediate needs, an advance payment may be denied and the applicant referred to another public or private program or resource, if all of the following conditions are met:

(A) Not more than one referral is made and the referral, when made, is to meet no more than one need.

(B) The county has verified in advance that the specific need can be satisfactorily addressed by the other program or resource immediately.

(C) Travel to the other program or resource will not impose a hardship on the applicant.

(2) If, for any reason, the other program or resource does not satisfactorily meet the applicant's need, the applicant shall be immediately issued an advance payment, as specified in subdivision (b).

(3) Except in the case of an applicant whose only need is lack of food and the need is met with the issuance of CalFresh benefits within one working day of the request, where an applicant's immediate need is met by an alternative program or resource authorized in this subdivision, the county shall verify the applicant's eligibility for aid within 15 working days of the date of request.

(e) A denial of an immediate need application shall not constitute a denial of the application for aid unless it is based upon the failure to meet relevant eligibility requirements.

SEC. 49. Section 11266.5 of the Welfare and Institutions Code, as amended by Section 6 of Chapter 8 of the Statutes of 2011, is amended to read:

11266.5. (a) Every applicant for aid under this chapter shall be informed of the availability of lump-sum diversion services to resolve the circumstances that require the family to apply for assistance prior to the family's approval for aid.

(b) When an applicant is determined to be eligible for assistance under this chapter, the county shall assess whether the applicant would benefit from the lump-sum diversion program. The county shall make this determination in its sole discretion. In making this determination, the county shall consider whether the applicant is likely to be able to avoid the need for extended assistance beyond the diversion period if the family was provided one-time assistance. In making this determination, the county may consider any of the following:

(1) The applicant's employment history.

(2) The likelihood of the applicant obtaining immediate full-time employment.

(3) The applicant's general prospect for obtaining full-time employment.

(4) The applicant's need for cash assistance to pay for housing or substantial and unforeseen expenses or work-related expenses.

(5) Housing stability.

(6) The adequacy of the applicant's child care arrangements, if applicable.

(c) If the county determines, pursuant to subdivision (b), that an applicant could benefit from a lump-sum diversion payment, the county shall inform the applicant of its determination.

(d) An applicant for aid under this chapter may either participate in the lump-sum diversion program or decline participation in diversion and, instead, receive aid as otherwise provided for in this chapter.

(e) Lump-sum diversion services provided under this section may include any cash or noncash payment and shall be negotiated by the county and the applicant in order to assist the applicant in avoiding the need for aid under this chapter.

(f) If, after accepting a diversion payment pursuant to this section, the individual reapplies for aid under this chapter within the amount of time that corresponds with the number of months of aid that would have been received under this chapter that was received as a diversion payment, excluding a partial month, and he or she is determined to be eligible for aid, the county shall, at the option of the recipient, either recoup from the recipient's grant, over a period of time to be determined by the county, the amount of the diversion payment that the recipient received, or count the period of time that corresponds to the number of months of aid that would have been received, excluding a partial month of aid, towards the time limits on aid specified in subdivision (a) of Section 11454.

(g) To the extent permitted by federal law, lump-sum diversion payments shall not be considered income for the purpose of determining eligibility for CalFresh benefits.

(h) Any child support collected by the applicant or recovered by the county shall not be used to offset the diversion payment.

(i) During the period of the diversion, the applicant family shall be eligible for Medi-Cal and child care assistance pursuant to Article 15.5 (commencing with Section 8350) of Chapter 2 of Part 6 of the Education Code, if otherwise eligible.

SEC. 50. Section 11322.6 of the Welfare and Institutions Code is amended to read:

11322.6. The welfare-to-work plan developed by the county welfare department and the participant pursuant to this article shall provide for welfare-to-work activities. Welfare-to-work activities may include, but are not limited to, any of the following:

- (a) Unsubsidized employment.
- (b) Subsidized private sector employment.
- (c) Subsidized public sector employment.

(d) Work experience, which means public or private sector work that shall help provide basic job skills, enhance existing job skills in a position related to the participant's experience, or provide a needed community service that will lead to employment. Unpaid work experience shall be limited to 12 months, unless the county welfare department and the recipient agree to extend this period by an amendment to the welfare-to-work plan. The county welfare department shall review the work experience assignment as appropriate and make revisions as necessary to ensure that it continues to be consistent with the participant's plan and effective in preparing the participant to attain employment.

(e) On-the-job training.

(f) (1) Grant-based on-the-job training, which means public or private sector employment or on-the-job training in which the recipient's cash grant, or a portion thereof, or the aid grant savings resulting from employment, or

both, is diverted to the employer as a wage subsidy to partially or wholly offset the payment of wages to the participant, so long as the total amount diverted does not exceed the family's maximum aid payment.

(2) A county shall not assign a participant to grant-based on-the-job training unless and until the participant has voluntarily agreed to participate in grant-based on-the-job training by executing a voluntary agreement form, which shall be developed by the department. The agreement shall include, but not be limited to, information on the following:

(A) How job termination or another event will not result in loss of the recipient's grant funds, pursuant to department regulations.

(B) (i) How to obtain the federal Earned Income Tax Credit (EITC), including the Advance EITC, and increased CalFresh benefits, which may become available due to increased earned income.

(ii) This subparagraph shall only become operative when and to the extent that the department determines that it reflects current federal law and Internal Revenue Service regulations.

(C) How these financial supports should increase the participant's current income and how increasing earned income should increase the recipient's future social security income.

(3) Grant-based on-the-job training shall include community service positions pursuant to Section 11322.9.

(4) Any portion of a wage from employment that is funded by the diversion of a recipient's cash grant, or the grant savings from employment pursuant to this subdivision, or both, shall not be exempt under Section 11451.5 from the calculation of the income of the family for purposes of subdivision (a) of Section 11450.

(g) Supported work or transitional employment, which means forms of grant-based on-the-job training in which the recipient's cash grant, or a portion thereof, or the aid grant savings from employment, is diverted to an intermediary service provider, to partially or wholly offset the payment of wages to the participant.

(h) Workstudy.

(i) Self-employment.

(j) Community service.

(k) Adult basic education, which shall include reading, writing, arithmetic, high school proficiency, or general educational development certificate of instruction, and English as a second language. Participants under this subdivision shall be referred to appropriate service providers that include, but are not limited to, educational programs operated by school districts or county offices of education that have contracted with the Superintendent of Public Instruction to provide services to participants pursuant to Section 33117.5 of the Education Code.

(l) Job skills training directly related to employment.

(m) Vocational education and training, including, but not limited to, college and community college education, adult education, regional occupational centers, and regional occupational programs.

(n) Job search and job readiness assistance, which means providing the recipient with training to learn job seeking and interviewing skills, to understand employer expectations, and learn skills designed to enhance an individual's capacity to move toward self-sufficiency, including financial management education.

(o) Education directly related to employment.

(p) Satisfactory progress in secondary school or in a course of study leading to a certificate of general educational development, in the case of a recipient who has not completed secondary school or received such a certificate.

(q) Mental health, substance abuse, and domestic violence services, described in Sections 11325.7 and 11325.8, and Article 7.5 (commencing with Section 11495), that are necessary to obtain and retain employment.

(r) Other activities necessary to assist an individual in obtaining unsubsidized employment.

Assignment to an educational activity identified in subdivisions (k), (m), (o), and (p) is limited to those situations in which the education is needed to become employed.

SEC. 51. Section 11372 of the Welfare and Institutions Code is amended to read:

11372. (a) Notwithstanding any other provision of law, the Kinship Guardianship Assistance Payment Program implemented under this article is exempt from the provisions of Chapter 2 (commencing with Section 11200) of Part 3, except Sections 11253.5, and 11265.8, as long as these exemptions would not jeopardize federal financial participation in the payment.

(b) A person who is a kinship guardian under this article, and who has met the requirements of Section 361.4, shall be exempt from Chapter 4.6 (commencing with Section 10830) of Part 2 governing the statewide fingerprint imaging system. A guardian who is also an applicant for or a recipient of benefits under the CalWORKs program, Chapter 2 (commencing with Section 11200) of Part 3, or CalFresh, Chapter 10 (commencing with Section 18900) of Part 6 shall comply with the statewide fingerprint imaging system requirements applicable to those programs.

(c) Any exemptions exercised pursuant to this section shall be implemented in accordance with Section 11369.

SEC. 52. Section 11372 of the Welfare and Institutions Code, as added by section 34 of Chapter 559 of the Statutes of 2010, is amended to read:

11372. (a) Notwithstanding any other provision of law, the state-funded Kinship Guardianship Assistance Payment Program implemented under this article is exempt from the provisions of Chapter 2 (commencing with Section 11200) of Part 3.

(b) A person who is a kinship guardian under this article, and who has met the requirements of Section 361.4, shall be exempt from Chapter 4.6 (commencing with Section 10830) of Part 2 governing the statewide fingerprint imaging system. A guardian who is also an applicant for or a recipient of benefits under the CalWORKs program, Chapter 2 (commencing

with Section 11200) of Part 3, or CalFresh, Chapter 10 (commencing with Section 18900) of Part 6 shall comply with the statewide fingerprint imaging system requirements applicable to those programs.

(c) Any exemptions exercised pursuant to this section shall be implemented in accordance with Section 11369.

SEC. 53. Section 11390 of the Welfare and Institutions Code, as added by Section 37 of Chapter 559 of the Statutes of 2010, is amended to read:

11390. (a) A person who is a kinship guardian under this article, and who has met the requirements of Section 361.4, shall be exempt from Chapter 4.6 (commencing with Section 10830) of Part 2 governing the statewide fingerprint imaging system. A guardian who is also an applicant for or a recipient of benefits under the CalWORKS program, Chapter 2 (commencing with Section 11200) of Part 3, CalFresh, Chapter 10 (commencing with Section 18900) of Part 6 shall comply with the statewide fingerprint imaging system requirements applicable to those programs.

(b) Any exemptions exercised pursuant to this section shall be implemented in accordance with Section 11393.

(c) Income to the child, including the Kin-GAP payment, shall not be considered income to the kinship guardian for purposes of determining the kinship guardian's eligibility for any other aid program, unless required by federal law as a condition of the receipt of federal financial participation.

(d) Each county that formally had court-ordered jurisdiction under Section 300 or Section 601 or 602 over a child receiving benefits under the Kin-GAP Program shall be responsible for paying the child's aid regardless of where the child actually resides.

(e) Notwithstanding any other provision of law, when a child receiving benefits under the AFDC-FC foster care program becomes eligible for benefits under the Kin-GAP Program during any month, the child shall continue to receive benefits under the AFDC-FC foster care program, as appropriate, to the end of that calendar month, and Kin-GAP payments shall begin the first day of the following month.

(f) All of the following shall apply to any child or nonminor in receipt of Kin-GAP benefits:

(1) He or she is eligible to request and receive independent living services pursuant to Section 10609.3.

(2) He or she may retain cash savings, not to exceed ten thousand dollars (\$10,000), including interest, pursuant to Section 11155.5.

(3) He or she shall have earned income disregarded pursuant to Section 11008.15.

SEC. 54. Section 11450 of the Welfare and Institutions Code is amended to read:

11450. (a) (1) Aid shall be paid for each needy family, which shall include all eligible brothers and sisters of each eligible applicant or recipient child and the parents of the children, but shall not include unborn children, or recipients of aid under Chapter 3 (commencing with Section 12000), qualified for aid under this chapter. In determining the amount of aid paid, and notwithstanding the minimum basic standards of adequate care specified

in Section 11452, the family’s income, exclusive of any amounts considered exempt as income or paid pursuant to subdivision (e) or Section 11453.1, averaged for the prospective quarter pursuant to Sections 11265.2 and 11265.3, and then calculated pursuant to Section 11451.5, shall be deducted from the sum specified in the following table, as adjusted for cost-of-living increases pursuant to Section 11453 and paragraph (2). In no case shall the amount of aid paid for each month exceed the sum specified in the following table, as adjusted for cost-of-living increases pursuant to Section 11453 and paragraph (2), plus any special needs, as specified in subdivisions (c), (e), and (f):

Number of eligible needy persons in the same home	Maximum aid
1.....	\$ 326
2.....	535
3.....	663
4.....	788
5.....	899
6.....	1,010
7.....	1,109
8.....	1,209
9.....	1,306
10 or more.....	1,403

If, when, and during those times that the United States government increases or decreases its contributions in assistance of needy children in this state above or below the amount paid on July 1, 1972, the amounts specified in the above table shall be increased or decreased by an amount equal to that increase or decrease by the United States government, provided that no increase or decrease shall be subject to subsequent adjustment pursuant to Section 11453.

(2) The sums specified in paragraph (1) shall not be adjusted for cost of living for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, 1996–97, and 1997–98 fiscal years, and through October 31, 1998, nor shall that amount be included in the base for calculating any cost-of-living increases for any fiscal year thereafter. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(b) When the family does not include a needy child qualified for aid under this chapter, aid shall be paid to a pregnant mother for the month in which the birth is anticipated and for the three-month period immediately prior to the month in which the birth is anticipated in the amount that would otherwise be paid to one person, as specified in subdivision (a), if the mother, and child, if born, would have qualified for aid under this chapter.

Verification of pregnancy shall be required as a condition of eligibility for aid under this subdivision.

(1) Aid shall also be paid to a pregnant woman with no other children in the amount which would otherwise be paid to one person under subdivision (a) at any time after verification of pregnancy if the pregnant woman is also eligible for the Cal-Learn Program described in Article 3.5 (commencing with Section 11331) and if the mother, and child, if born, would have qualified for aid under this chapter.

(2) Paragraph (1) shall apply only when the Cal-Learn Program is operative.

(c) The amount of forty-seven dollars (\$47) per month shall be paid to pregnant mothers qualified for aid under subdivision (a) or (b) to meet special needs resulting from pregnancy if the mother, and child, if born, would have qualified for aid under this chapter. County welfare departments shall refer all recipients of aid under this subdivision to a local provider of the Women, Infants and Children program. If that payment to pregnant mothers qualified for aid under subdivision (a) is considered income under federal law in the first five months of pregnancy, payments under this subdivision shall not apply to persons eligible under subdivision (a), except for the month in which birth is anticipated and for the three-month period immediately prior to the month in which delivery is anticipated, if the mother, and the child, if born, would have qualified for aid under this chapter.

(d) For children receiving AFDC-FC under this chapter, there shall be paid, exclusive of any amount considered exempt as income, an amount of aid each month which, when added to the child's income, is equal to the rate specified in Section 11460, 11461, 11462, 11462.1, or 11463. In addition, the child shall be eligible for special needs, as specified in departmental regulations.

(e) In addition to the amounts payable under subdivision (a) and Section 11453.1, a family shall be entitled to receive an allowance for recurring special needs not common to a majority of recipients. These recurring special needs shall include, but not be limited to, special diets upon the recommendation of a physician for circumstances other than pregnancy, and unusual costs of transportation, laundry, housekeeping services, telephone, and utilities. The recurring special needs allowance for each family per month shall not exceed that amount resulting from multiplying the sum of ten dollars (\$10) by the number of recipients in the family who are eligible for assistance.

(f) After a family has used all available liquid resources, both exempt and nonexempt, in excess of one hundred dollars (\$100), with the exception of funds deposited in a restricted account described in subdivision (a) of Section 11155.2, the family shall also be entitled to receive an allowance for nonrecurring special needs.

(1) An allowance for nonrecurring special needs shall be granted for replacement of clothing and household equipment and for emergency housing needs other than those needs addressed by paragraph (2). These needs shall be caused by sudden and unusual circumstances beyond the control of the

needy family. The department shall establish the allowance for each of the nonrecurring special need items. The sum of all nonrecurring special needs provided by this subdivision shall not exceed six hundred dollars (\$600) per event.

(2) Homeless assistance is available to a homeless family seeking shelter when the family is eligible for aid under this chapter. Homeless assistance for temporary shelter is also available to homeless families which are apparently eligible for aid under this chapter. Apparent eligibility exists when evidence presented by the applicant, or which is otherwise available to the county welfare department, and the information provided on the application documents indicate that there would be eligibility for aid under this chapter if the evidence and information were verified. However, an alien applicant who does not provide verification of his or her eligible alien status, or a woman with no eligible children who does not provide medical verification of pregnancy, is not apparently eligible for purposes of this section.

A family is considered homeless, for the purpose of this section, when the family lacks a fixed and regular nighttime residence; or the family has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or the family is residing in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. A family is also considered homeless for the purpose of this section if the family has received a notice to pay rent or quit. The family shall demonstrate that the eviction is the result of a verified financial hardship as a result of extraordinary circumstances beyond their control, and not other lease or rental violations, and that the family is experiencing a financial crisis that could result in homelessness if preventative assistance is not provided.

(A) (i) A nonrecurring special need of sixty-five dollars (\$65) a day shall be available to families of up to four members for the costs of temporary shelter, subject to the requirements of this paragraph. The fifth and additional members of the family shall each receive fifteen dollars (\$15) per day, up to a daily maximum of one hundred twenty-five dollars (\$125). County welfare departments may increase the daily amount available for temporary shelter as necessary to secure the additional bedspace needed by the family.

(ii) This special need shall be granted or denied immediately upon the family's application for homeless assistance, and benefits shall be available for up to three working days. The county welfare department shall verify the family's homelessness within the first three working days and if the family meets the criteria of questionable homelessness established by the department, the county welfare department shall refer the family to its early fraud prevention and detection unit, if the county has such a unit, for assistance in the verification of homelessness within this period.

(iii) After homelessness has been verified, the three-day limit shall be extended for a period of time which, when added to the initial benefits provided, does not exceed a total of 16 calendar days. This extension of

benefits shall be done in increments of one week and shall be based upon searching for permanent housing which shall be documented on a housing search form; good cause; or other circumstances defined by the department. Documentation of a housing search shall be required for the initial extension of benefits beyond the three-day limit and on a weekly basis thereafter as long as the family is receiving temporary shelter benefits. Good cause shall include, but is not limited to, situations in which the county welfare department has determined that the family, to the extent it is capable, has made a good faith but unsuccessful effort to secure permanent housing while receiving temporary shelter benefits.

(B) A nonrecurring special need for permanent housing assistance is available to pay for last month's rent and security deposits when these payments are reasonable conditions of securing a residence, or to pay for up to two months of rent arrearages, when these payments are a reasonable condition of preventing eviction.

The last month's rent or monthly arrearage portion of the payment (i) shall not exceed 80 percent of the family's total monthly household income without the value of CalFresh benefits or special needs for a family of that size and (ii) shall only be made to families that have found permanent housing costing no more than 80 percent of the family's total monthly household income without the value of CalFresh benefits or special needs for a family of that size.

However, if the county welfare department determines that a family intends to reside with individuals who will be sharing housing costs, the county welfare department shall, in appropriate circumstances, set aside the condition specified in clause (ii) of the preceding paragraph.

(C) The nonrecurring special need for permanent housing assistance is also available to cover the standard costs of deposits for utilities which are necessary for the health and safety of the family.

(D) A payment for or denial of permanent housing assistance shall be issued no later than one working day from the time that a family presents evidence of the availability of permanent housing. If an applicant family provides evidence of the availability of permanent housing before the county welfare department has established eligibility for aid under this chapter, the county welfare department shall complete the eligibility determination so that the denial of or payment for permanent housing assistance is issued within one working day from the submission of evidence of the availability of permanent housing, unless the family has failed to provide all of the verification necessary to establish eligibility for aid under this chapter.

(E) (i) Except as provided in clauses (ii) and (iii), eligibility for the temporary shelter assistance and the permanent housing assistance pursuant to this paragraph shall be limited to one period of up to 16 consecutive calendar days of temporary assistance and one payment of permanent assistance. Any family that includes a parent or nonparent caretaker relative living in the home who has previously received temporary or permanent homeless assistance at any time on behalf of an eligible child shall not be eligible for further homeless assistance. Any person who applies for homeless

assistance benefits shall be informed that the temporary shelter benefit of up to 16 consecutive days is available only once in a lifetime, with certain exceptions, and that a break in the consecutive use of the benefit constitutes permanent exhaustion of the temporary benefit.

(ii) A family that becomes homeless as a direct and primary result of a state or federally declared natural disaster shall be eligible for temporary and permanent homeless assistance.

(iii) A family shall be eligible for temporary and permanent homeless assistance when homelessness is a direct result of domestic violence by a spouse, partner, or roommate; physical or mental illness that is medically verified that shall not include a diagnosis of alcoholism, drug addiction, or psychological stress; or, the uninhabitability of the former residence caused by sudden and unusual circumstances beyond the control of the family including natural catastrophe, fire, or condemnation. These circumstances shall be verified by a third-party governmental or private health and human services agency, except that domestic violence may also be verified by a sworn statement by the victim, as provided under Section 11495.25. Homeless assistance payments based on these specific circumstances may not be received more often than once in any 12-month period. In addition, if the domestic violence is verified by a sworn statement by the victim, the homeless assistance payments shall be limited to two periods of not more than 16 consecutive calendar days of temporary assistance and two payments of permanent assistance. A county may require that a recipient of homeless assistance benefits who qualifies under this paragraph for a second time in a 24-month period participate in a homelessness avoidance case plan as a condition of eligibility for homeless assistance benefits. The county welfare department shall immediately inform recipients who verify domestic violence by a sworn statement pursuant to clause (iii) of the availability of domestic violence counseling and services, and refer those recipients to services upon request.

(iv) If a county requires a recipient who verifies domestic violence by a sworn statement to participate in a homelessness avoidance case plan pursuant to clause (iii), the plan shall include the provision of domestic violence services, if appropriate.

(v) If a recipient seeking homeless assistance based on domestic violence pursuant to clause (iii) has previously received homeless avoidance services based on domestic violence, the county shall review whether services were offered to the recipient and consider what additional services would assist the recipient in leaving the domestic violence situation.

(vi) The county welfare department shall report to the department through a statewide homeless assistance payment indicator system, necessary data, as requested by the department, regarding all recipients of aid under this paragraph.

(F) The county welfare departments, and all other entities participating in the costs of the AFDC program, have the right in their share to any refunds resulting from payment of the permanent housing. However, if an emergency requires the family to move within the 12-month period specified in

subparagraph (E), the family shall be allowed to use any refunds received from its deposits to meet the costs of moving to another residence.

(G) Payments to providers for temporary shelter and permanent housing and utilities shall be made on behalf of families requesting these payments.

(H) The daily amount for the temporary shelter special need for homeless assistance may be increased if authorized by the current year's Budget Act by specifying a different daily allowance and appropriating the funds therefor.

(I) Payment shall be made pursuant to this paragraph only if the provider of housing is a commercial establishment, shelter, or person in the business of renting properties who has a history of renting properties.

(g) The department shall establish rules and regulations ensuring the uniform application statewide of this subdivision.

(h) The department shall notify all applicants and recipients of aid through the standardized application form that these benefits are available and shall provide an opportunity for recipients to apply for the funds quickly and efficiently.

(i) Except for the purposes of Section 15200, the amounts payable to recipients pursuant to Section 11453.1 shall not constitute part of the payment schedule set forth in subdivision (a).

The amounts payable to recipients pursuant to Section 11453.1 shall not constitute income to recipients of aid under this section.

(j) For children receiving Kin-GAP pursuant to Article 4.5 (commencing with Section 11360) or Article 4.7 (commencing with Section 11385) there shall be paid, exclusive of any amount considered exempt as income, an amount of aid each month, which, when added to the child's income, is equal to the rate specified in Sections 11364 and 11387.

SEC. 55. Section 11450.9 of the Welfare and Institutions Code is amended to read:

11450.9. (a) (1) The department shall designate as energy assistance payments any increase in the maximum aid payments provided pursuant to Section 11450 made on or after the first day of the first session of the Legislature which is convened after the effective date of this section.

(2) Increases subject to paragraph (1) shall include any increase provided pursuant to Sections 11453 and 11453.05.

(b) The designation required by subdivision (a) shall be made to the extent allowed by federal law to increase CalFresh allotments to recipients of assistance under this chapter.

(c) The department shall notify the federal government of the designation made pursuant to subdivision (a) no later than 60 days after it has submitted a report on the study required by subdivision (d).

(d) It is the intent of the Legislature that the department designate the maximum amount of aid payments made under this chapter as energy assistance payments to the extent allowed under federal law to increase CalFresh allotments to recipients of assistance under this chapter.

SEC. 55.5. Section 11453 of the Welfare and Institutions Code is amended to read:

11453. (a) Except as provided in subdivision (c), the amounts set forth in Section 11452 and subdivision (a) of Section 11450 shall be adjusted annually by the department to reflect any increases or decreases in the cost of living. These adjustments shall become effective July 1 of each year, unless otherwise specified by the Legislature. For the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, these adjustments shall become effective October 1 of each year. The cost-of-living adjustment shall be calculated by the Department of Finance based on the changes in the California Necessities Index, which as used in this section means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:

Food.....	\$ 3,027
Clothing (apparel and upkeep).....	406
Fuel and other utilities.....	529
Rent, residential.....	4,883
Transportation.....	1,757
	<hr/>
Total.....	\$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).

(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year

by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 and subdivision (a) of Section 11450 as are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules which shall be filed with the Secretary of State.

(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91, 1991–92, 1992–93, 1993–94, 1994–95, 1995–96, 1996–97, and 1997–98 fiscal years, and through October 31, 1998, to reflect any change in the cost of living. For the 1998–99 fiscal year, the cost-of-living adjustment that would have been provided on July 1, 1998, pursuant to subdivision (a) shall be made on November 1, 1998. No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 2005–06 and 2006–07 fiscal years to reflect any change in the cost of living. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(2) No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(3) In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is any increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then the increase pursuant to subdivision (a) of this section shall occur. In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is no increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then any increase pursuant to subdivision (a) of this section shall be suspended.

(4) Notwithstanding paragraph (3), an adjustment to the maximum aid payments set forth in subdivision (a) of Section 11450 shall be made under this section for the 2002–03 fiscal year, but the adjustment shall become effective June 1, 2003.

(5) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing benefits under this chapter for the 2007–08, 2008–09, and 2009–10 fiscal years.

(6) For the 2010–11 fiscal year and each fiscal year thereafter, no adjustment to the maximum aid payment set forth in subdivision (a) of

Section 11450 shall be made under this section unless otherwise specified by statute.

(d) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

SEC. 56. Section 11453.1 of the Welfare and Institutions Code is amended to read:

11453.1. (a) It is the intent of this section to assure that the food purchasing power provided by benefits available from CalFresh under the federal Supplemental Nutrition Assistance Program (Chapter 51 (commencing with Section 2011), Title 7, United States Code) shall continue to be available to recipients of aid under this chapter, if, when and during such times as federal law is amended to preclude CalFresh benefits to such recipients, but does expressly permit the equivalent of such benefits to be provided as cash benefits to such recipients.

(b) It is the further intent of this section to protect the financial interest of the state and counties by accomplishing the conversion of CalFresh benefits in such a manner that the conversion does not result in state and county costs of aid exceeding the costs in the base year, as hereinafter defined in this section.

(c) If federal law is amended to preclude the provision of CalFresh benefits pursuant to the federal Supplemental Nutrition Assistance Program to applicants or recipients of aid under this chapter, when such federal law becomes operative, such of the following provisions for converting CalFresh benefits to cash benefits as is consistent with the intent of this section shall become operative immediately:

(1) The bonus value of CalFresh benefits shall be paid in addition to the amounts payable pursuant to subdivision (a) of Section 11450, provided that aggregate state and county expenditures pursuant to that section and this section do not thereby exceed the base-year costs.

(2) If aggregate state and county expenditures pursuant to subdivision (a) of Section 11450 and this section in any fiscal year would, by virtue of the operation of paragraph (1) of subdivision (c) of this section, result in an increase over the aggregate of such expenditures in the base year, the bonus value of CalFresh benefits paid pursuant to this section shall be reduced, on a pro rata basis, by such amount as will reduce aggregate state and county expenditures under that section and this section to an amount equal to the aggregate state and county expenditures in the base year.

(d) For the purposes of this section, “base year” means that year designated by federal law as the year fixing the limit on nonfederal expenditures for programs established to implement programs under Part A of Title 4 of the Social Security Act.

(e) For purposes of this section, “bonus value of CalFresh benefits” means the dollar amount that federal law permits to be paid to a child or a family of given size as a cash benefit in lieu of benefits under the federal Supplemental Nutrition Assistance Program.

(f) For purposes of this section, “aggregate state and county expenditure” is defined as expenditure made under subdivision (a) of Section 11450 and this section, after deducting any federal reimbursements or credits, and excluding any cost-of-living increment paid pursuant to Section 11453.

SEC. 56.5. Section 11462 of the Welfare and Institutions Code is amended to read:

11462. (a) (1) Effective July 1, 1990, foster care providers licensed as group homes, as defined in departmental regulations, including public child care institutions, as defined in Section 11402.5, shall have rates established by classifying each group home program and applying the standardized schedule of rates. The department shall collect information from group providers beginning January 1, 1990, in order to classify each group home program.

(2) Notwithstanding paragraph (1), foster care providers licensed as group homes shall have rates established only if the group home is organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400. The department shall terminate the rate effective January 1, 1993, of any group home not organized and operated on a nonprofit basis as required under subdivision (h) of Section 11400.

(3) (A) The department shall determine, consistent with the requirements of this chapter and other relevant requirements under law, the rate classification level (RCL) for each group home program on a biennial basis. Submission of the biennial rate application shall be made according to a schedule determined by the department.

(B) The department shall adopt regulations to implement this paragraph. The adoption, amendment, repeal, or readoption of a regulation authorized by this paragraph is deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted from the requirement to describe specific facts showing the need for immediate action.

(b) A group home program shall be initially classified, for purposes of emergency regulations, according to the level of care and services to be provided using a point system developed by the department and described in the report, “The Classification of Group Home Programs under the Standardized Schedule of Rates System,” prepared by the State Department of Social Services, August 30, 1989.

(c) The rate for each RCL has been determined by the department with data from the AFDC-FC Group Home Rate Classification Pilot Study. The rates effective July 1, 1990, were developed using 1985 calendar year costs and reflect adjustments to the costs for each fiscal year, starting with the 1986–87 fiscal year, by the amount of the California Necessities Index computed pursuant to the methodology described in Section 11453. The data obtained by the department using 1985 calendar year costs shall be updated and revised by January 1, 1993.

(d) As used in this section, “standardized schedule of rates” means a listing of the 14 rate classification levels, and the single rate established for each RCL.

(e) Except as specified in paragraph (1), the department shall determine the RCL for each group home program on a prospective basis, according to the level of care and services that the group home operator projects will be provided during the period of time for which the rate is being established.

(1) (A) For new and existing providers requesting the establishment of an RCL, and for existing group home programs requesting an RCL increase, the department shall determine the RCL no later than 13 months after the effective date of the provisional rate. The determination of the RCL shall be based on a program audit of documentation and other information that verifies the level of care and supervision provided by the group home program during a period of the two full calendar months or 60 consecutive days, whichever is longer, preceding the date of the program audit, unless the group home program requests a lower RCL. The program audit shall not cover the first six months of operation under the provisional rate. Pending the department’s issuance of the program audit report that determines the RCL for the group home program, the group home program shall be eligible to receive a provisional rate that shall be based on the level of care and service that the group home program proposes it will provide. The group home program shall be eligible to receive only the RCL determined by the department during the pendency of any appeal of the department’s RCL determination.

(B) A group home program may apply for an increase in its RCL no earlier than two years from the date the department has determined the group home program’s rate, unless the host county, the primary placing county, or a regional consortium of counties submits to the department in writing that the program is needed in that county, that the provider is capable of effectively and efficiently operating the proposed program, and that the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(C) To ensure efficient administration of the department’s audit responsibilities, and to avoid the fraudulent creation of records, group home programs shall make records that are relevant to the RCL determination available to the department in a timely manner. Except as provided in this section, the department may refuse to consider, for purposes of determining the rate, any documents that are relevant to the determination of the RCL that are not made available by the group home provider by the date the group home provider requests a hearing on the department’s RCL determination. The department may refuse to consider, for purposes of determining the rate, the following records, unless the group home provider makes the records available to the department during the fieldwork portion of the department’s program audit:

(i) Records of each employee’s full name, home address, occupation, and social security number.

(ii) Time records showing when the employee begins and ends each work period, meal periods, split shift intervals, and total daily hours worked.

(iii) Total wages paid each payroll period.

(iv) Records required to be maintained by licensed group home providers under Title 22 of the California Code of Regulations that are relevant to the RCL determination.

(D) To minimize financial abuse in the startup of group home programs, when the department's RCL determination is more than three levels lower than the RCL level proposed by the group home provider, and the group home provider does not appeal the department's RCL determination, the department shall terminate the rate of a group home program 45 days after issuance of its program audit report. When the group home provider requests a hearing on the department's RCL determination, and the RCL determined by the director under subparagraph (E) is more than three levels lower than the RCL level proposed by the group home provider, the department shall terminate the rate of a group home program within 30 days of issuance of the director's decision. Notwithstanding the reapplication provisions in subparagraph (B), the department shall deny any request for a new or increased RCL from a group home provider whose RCL is terminated pursuant to this subparagraph, for a period of no greater than two years from the effective date of the RCL termination.

(E) A group home provider may request a hearing of the department's RCL determination under subparagraph (A) no later than 30 days after the date the department issues its RCL determination. The department's RCL determination shall be final if the group home provider does not request a hearing within the prescribed time. Within 60 days of receipt of the request for hearing, the department shall conduct a hearing on the RCL determination. The standard of proof shall be the preponderance of the evidence and the burden of proof shall be on the department. The hearing officer shall issue the proposed decision within 45 days of the close of the evidentiary record. The director shall adopt, reject, or modify the proposed decision, or refer the matter back to the hearing officer for additional evidence or findings within 100 days of issuance of the proposed decision. If the director takes no action on the proposed decision within the prescribed time, the proposed decision shall take effect by operation of law.

(2) Group home programs that fail to maintain at least the level of care and services associated with the RCL upon which their rate was established shall inform the department. The department shall develop regulations specifying procedures to be applied when a group home fails to maintain the level of services projected, including, but not limited to, rate reduction and recovery of overpayments.

(3) The department shall not reduce the rate, establish an overpayment, or take other actions pursuant to paragraph (2) for any period that a group home program maintains the level of care and services associated with the RCL for children actually residing in the facility. Determinations of levels of care and services shall be made in the same way as modifications of

overpayments are made pursuant to paragraph (2) of subdivision (b) of Section 11466.2.

(4) A group home program that substantially changes its staffing pattern from that reported in the group home program statement shall provide notification of this change to all counties that have placed children currently in care. This notification shall be provided whether or not the RCL for the program may change as a result of the change in staffing pattern.

(f) (1) The standardized schedule of rates for the 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 fiscal years is:

Rate Classification Level	Point Ranges	FY 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, and 2007–08 Standard Rate
1	Under 60	\$1,454
2	60– 89	1,835
3	90–119	2,210
4	120–149	2,589
5	150–179	2,966
6	180–209	3,344
7	210–239	3,723
8	240–269	4,102
9	270–299	4,479
10	300–329	4,858
11	330–359	5,234
12	360–389	5,613
13	390–419	5,994
14	420 & Up	6,371

(2) (A) For group home programs that receive AFDC-FC payments for services performed during the 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, 2007–08, 2008–09, and 2009–10 fiscal years, the adjusted RCL point ranges below shall be used for establishing the biennial rates for existing programs, pursuant to paragraph (3) of subdivision (a) and in performing program audits and in determining any resulting rate reduction, overpayment assessment, or other actions pursuant to paragraph (2) of subdivision (e):

Rate Classification	Adjusted Point Ranges for the 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, 2007–08, 2008–09, and 2009–10 Fiscal Years
Level	
1	Under 54
2	54– 81
3	82–110
4	111–138
5	139–167
6	168–195
7	196–224
8	225–253
9	254–281
10	282–310
11	311–338
12	339–367
13	368–395
14	396 & Up

(B) Notwithstanding subparagraph (A), foster care providers operating group homes during the 2002–03, 2003–04, 2004–05, 2005–06, 2006–07, 2007–08, 2008–09, and 2009–10 fiscal years shall remain responsible for ensuring the health and safety of the children placed in their programs in accordance with existing applicable provisions of the Health and Safety Code and community care licensing regulations, as contained in Title 22 of the Code of California Regulations.

(C) Subparagraph (A) shall not apply to program audits of group home programs with provisional rates established pursuant to paragraph (1) of subdivision (e). For those program audits, the RCL point ranges in paragraph (1) shall be used.

(D) Rates applicable for the 2009–10 fiscal year pursuant to the act that adds this subparagraph shall be effective October 1, 2009.

(3) (A) For group home programs that receive AFDC-FC payments for services performed during the 2009–10 fiscal year the adjusted RCL point ranges below shall be used for establishing the biennial rates for existing programs, pursuant to paragraph (3) of subdivision (a) and in performing program audits and in determining any resulting rate reduction, overpayment assessment, or other actions pursuant to paragraph (2) of subdivision (e):

Rate Classification Level	Adjusted Point Ranges for the 2009–10 Fiscal Years
1	Under 39
2	39–64
3	65–90
4	91–115
5	116–141
6	142–167
7	168–192
8	193–218
9	219–244
10	245–270
11	271–295
12	296–321
13	322–347
14	348 & Up

(B) Notwithstanding subparagraph (A), foster care providers operating group homes during the 2009–10 fiscal year shall remain responsible for ensuring the health and safety of the children placed in their programs in accordance with existing applicable provisions of the Health and Safety Code and community care licensing regulations as contained in Title 22 of the California Code of Regulations.

(C) Subparagraph (A) shall not apply to program audits of group home programs with provisional rates established pursuant to paragraph (1) of subdivision (e). For those program audits, the RCL point ranges in paragraph (1) shall be used.

(g) (1) (A) For the 1999–2000 fiscal year, the standardized rate for each RCL shall be adjusted by an amount equal to the California Necessities Index computed pursuant to the methodology described in Section 11453. The resultant amounts shall constitute the new standardized schedule of rates, subject to further adjustment pursuant to subparagraph (B).

(B) In addition to the adjustment in subparagraph (A), commencing January 1, 2000, the standardized rate for each RCL shall be increased by 2.36 percent, rounded to the nearest dollar. The resultant amounts shall constitute the new standardized schedule of rates.

(2) Beginning with the 2000–01 fiscal year, the standardized schedule of rates shall be adjusted annually by an amount equal to the CNI computed pursuant to Section 11453, subject to the availability of funds. The resultant amounts shall constitute the new standardized schedule of rates.

(3) Effective January 1, 2001, the amount included in the standard rate for each Rate Classification Level (RCL) for the salaries, wages, and benefits for staff providing child care and supervision or performing social work activities, or both, shall be increased by 10 percent. This additional funding shall be used by group home programs solely to supplement staffing, salaries, wages, and benefit levels of staff specified in this paragraph. The standard

rate for each RCL shall be recomputed using this adjusted amount and the resultant rates shall constitute the new standardized schedule of rates. The department may require a group home receiving this additional funding to certify that the funding was utilized in accordance with the provisions of this section.

(4) Effective January 1, 2008, the amount included in the standard rate for each RCL for the wages for staff providing child care and supervision or performing social work activities, or both, shall be increased by 5 percent, and the amount included for the payroll taxes and other employer-paid benefits for these staff shall be increased from 20.325 percent to 24 percent. The standard rate for each RCL shall be recomputed using these adjusted amounts, and the resulting rates shall constitute the new standardized schedule of rates.

(5) The new standardized schedule of rates as provided for in paragraph (4) shall be reduced by 10 percent, effective October 1, 2009, and the resulting rates shall constitute the new standardized schedule of rates.

(6) The rates of licensed group home providers, whose rates are not established under the standardized schedule of rates, shall be reduced by 10 percent, effective October 1, 2009.

(h) The standardized schedule of rates pursuant to subdivisions (f) and (g) shall be implemented as follows:

(1) Any group home program that received an AFDC-FC rate in the prior fiscal year at or above the standard rate for the RCL in the current fiscal year shall continue to receive that rate.

(2) Any group home program that received an AFDC-FC rate in the prior fiscal year below the standard rate for the RCL in the current fiscal year shall receive the RCL rate for the current year.

(i) (1) The department shall not establish a rate for a new program of a new or existing provider, or for an existing program at a new location of an existing provider, unless the provider submits a letter of recommendation from the host county, the primary placing county, or a regional consortium of counties that includes all of the following:

(A) That the program is needed by that county.

(B) That the provider is capable of effectively and efficiently operating the program.

(C) That the provider is willing and able to accept AFDC-FC children for placement who are determined by the placing agency to need the level of care and services that will be provided by the program.

(D) That, if the letter of recommendation is not being issued by the host county, the primary placing county has notified the host county of its intention to issue the letter and the host county was given the opportunity of 30 days to respond to this notification and to discuss options with the primary placing county.

(2) The department shall encourage the establishment of consortia of county placing agencies on a regional basis for the purpose of making decisions and recommendations about the need for, and use of, group home programs and other foster care providers within the regions.

(3) The department shall annually conduct a county-by-county survey to determine the unmet placement needs of children placed pursuant to Section 300 and Section 601 or 602, and shall publish its findings by November 1 of each year.

(j) The department shall develop regulations specifying ratesetting procedures for program expansions, reductions, or modifications, including increases or decreases in licensed capacity, or increases or decreases in level of care or services.

(k) For the purpose of this subdivision, “program change” means any alteration to an existing group home program planned by a provider that will increase the RCL or AFDC-FC rate. An increase in the licensed capacity or other alteration to an existing group home program that does not increase the RCL or AFDC-FC rate shall not constitute a program change.

(l) General unrestricted or undesignated private charitable donations and contributions made to charitable or nonprofit organizations shall not be deducted from the cost of providing services pursuant to this section. The donations and contributions shall not be considered in any determination of maximum expenditures made by the department.

(m) The department shall, by October 1 of each year, commencing October 1, 1992, provide the Joint Legislative Budget Committee with a list of any new departmental requirements established during the previous fiscal year concerning the operation of group homes, and of any unusual, industrywide increase in costs associated with the provision of group care that may have significant fiscal impact on providers of group homes care. The committee may, in fiscal year 1993–94 and beyond, use the list to determine whether an appropriation for rate adjustments is needed in the subsequent fiscal year.

SEC. 57. Section 11486 of the Welfare and Institutions Code is amended to read:

11486. (a) The needs of any individual who is a member of a family applying for, or receiving, aid under this chapter shall not be taken into account in making the determination under Section 11450 with respect to his or her family beginning on the date, or at any time thereafter, the individual is found in state or federal court or pursuant to an administrative hearing decision, including any determination made on the basis of a plea of guilty or nolo contendere, to have committed any of the following acts:

(1) Making a fraudulent statement or representation with respect to the place of residence of the individual in order to receive assistance simultaneously from two or more states or counties.

(2) Submitting documents for nonexistent children, or submitting false documents for the purpose of showing ineligible children to be eligible for aid.

(3) When there has been a receipt of cash benefits that exceeds ten thousand dollars (\$10,000) as a result of intentionally and willfully doing any of the following acts for the purpose of establishing or maintaining the family’s eligibility for aid or increasing or preventing a reduction in the amount of aid:

(A) Making a false or misleading statement or misrepresenting, concealing, or withholding facts.

(B) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

(b) The needs of any individual who is a member of a family applying for, or receiving, aid under this chapter shall not be taken into account in making the determination under Section 11450 with respect to his or her family for the following periods beginning on the date or any time thereafter the individual is convicted of a felony in state or federal court, including any determination made on the basis of a plea of guilty or nolo contendere, for committing fraud in the receipt or attempted receipt of aid:

(1) For two years, if the amount of aid is less than two thousand dollars (\$2,000).

(2) For five years, if the amount of aid is two thousand dollars (\$2,000) or more but is less than five thousand dollars (\$5,000).

(3) Permanently, if the amount of aid is five thousand dollars (\$5,000) or more.

(c) (1) Except as provided in subdivisions (a) and (b), the needs of any individual who is a member of a family applying for, or receiving, aid under this chapter to whom paragraph (2) applies shall not be taken into account in making the determination under Section 11450 with respect to his or her family for the following periods:

(A) For a period of six months upon the first occasion of any offense referred to in paragraph (2).

(B) For a period of 12 months upon the second occasion of any of those offenses referred to in paragraph (2).

(C) Permanently, upon the third occasion of any offense referred to in subdivision (b) and paragraph (2).

(2) Except as provided in subdivisions (a), (b), and (d), paragraph (1) shall apply to any individual who is found by a federal or state court, or pursuant to a special administrative hearing meeting the requirements of regulations adopted by the United States Secretary of Health and Human Services, including any determination made on the basis of a plea of guilty or nolo contendere, to have done any of the following acts for the purpose of establishing or maintaining the family's eligibility for aid or increasing, or preventing a reduction in, the amount of that aid:

(A) Making a false or misleading statement or misrepresenting, concealing, or withholding facts.

(B) Committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

(d) (1) Except as provided in subdivisions (a) and (b), and notwithstanding subdivision (c), the needs of any individual who is a member of a family applying for, or receiving, aid under this chapter to whom paragraph (2) applies shall not be taken into account in making the determination under Section 11450 with respect to his or her family for the following periods:

(A) For a period of two years upon the first occasion of any offense referred to in paragraph (2).

(B) For a period of four years upon the second occasion of any offense referred to in paragraph (2).

(C) Permanently, upon the third occasion of any offense referred to in subdivision (b) and paragraph (2).

(2) Paragraph (1) shall apply to any individual who is found by a federal or state court, or pursuant to a special administrative hearing meeting the requirements of regulations adopted by the United States Secretary of Health and Human Services, including any determination made on the basis of a plea of guilty or nolo contendere, to have submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid in order to establish or maintain the family's eligibility for aid or increasing, or preventing a reduction in, the amount of that aid.

(e) Proceedings against any individual alleged to have committed an offense described in subdivision (c) or (d) may be held either by hearing, pursuant to Section 10950 and in conformity with the regulations of the United States Secretary of Health and Human Services, if appropriate, or by referring the matter to the appropriate authorities for civil or criminal action in court.

(f) The department shall coordinate any action taken under this section with any corresponding actions being taken under CalFresh in any case where the factual issues involved arise from the same or related circumstances.

(g) Any period for which sanctions are imposed under this section shall remain in effect, without possibility of administrative stay, unless and until the findings upon which the sanctions were imposed are subsequently reversed by a court of appropriate jurisdiction, but in no event shall the duration of the period for which the sanctions are imposed be subject to review.

(h) Sanctions imposed under this section shall be in addition to, and not in substitution for, any other sanctions which may be provided for by law with respect to the offenses for which the sanctions are imposed.

(i) The department shall adopt regulations to ensure that any investigations made under this chapter are conducted throughout the state in such a manner as to protect the confidentiality of the current or former working recipient.

(j) Each county shall receive an amount equal to 12.5 percent of the actual amount of aid under this chapter repaid or recovered by a county, as determined by the Director of the Department of Finance resulting from the detection of fraud.

SEC. 57.5. Section 11521 of the Welfare and Institutions Code is repealed.

SEC. 58. Section 11521.7 of the Welfare and Institutions Code is repealed.

SEC. 58.5. Section 12200.5 of the Welfare and Institutions Code is amended to read:

12200.5. (a) (1) If permitted by federal law, and upon approval of the Secretaries of the United States Department of Health and Human Services and the United States Department of Agriculture, state supplementary payments set forth in Section 12200 shall be decreased for individuals and couples who live alone as defined for purposes of eligibility for CalFresh or only with other recipients of aid under Section 12200 so as to no longer include the bonus value of CalFresh benefits, and the department shall, instead, provide CalFresh benefits to each otherwise eligible aged, blind, or disabled applicant or recipient as specified in this section.

(2) Amounts of aid payable to individuals pursuant to subdivisions (a), (c), and (f) of Section 12200 who live alone as defined for purposes of CalFresh eligibility or only with recipients of aid under Section 12200 shall be reduced by ten dollars (\$10).

(3) Amounts of aid payable to couples pursuant to subdivisions (b) and (d) of Section 12200 who live alone as defined for purposes of CalFresh eligibility or only with other recipients of aid under Section 12200 shall be reduced by ten dollars (\$10).

(b) (1) This section shall not be operative unless the Secretary of the United States Department of Agriculture approves the necessary waivers for a centralized state issuance system.

(2) Waivers required by paragraph (1) shall include, at a minimum, all of the following, in order to ensure the most cost-effective delivery of benefits:

- (A) 7 C.F.R. 273.10(f)—Limitation of certification periods.
- (B) 7 C.F.R. 273.2(e)—Face-to-face interview requirements.
- (C) 7 C.F.R. 273.2(f)(1)—Mandatory verification requirements.
- (D) 7 C.F.R. 273.2(g)—Application processing timeframe requirements.
- (E) 7 C.F.R. 273.9(d)(6)—Standard utility allowance usage.
- (F) 7 C.F.R. 273.12(a)—Nonmonthly reporting requirements.

(c) In the administration of the centralized state system, the department may contract through a competitive bid contract or a sole source contract all or part of this operation.

SEC. 59. Section 14005.37 of the Welfare and Institutions Code is amended to read:

14005.37. (a) Except as provided in Section 14005.39, whenever a county receives information about changes in a beneficiary's circumstances that may affect eligibility for Medi-Cal benefits, the county shall promptly redetermine eligibility. The procedures for redetermining Medi-Cal eligibility described in this section shall apply to all Medi-Cal beneficiaries.

(b) Loss of eligibility for cash aid under that program shall not result in a redetermination under this section unless the reason for the loss of eligibility is one that would result in the need for a redetermination for a person whose eligibility for Medi-Cal under Section 14005.30 was determined without a concurrent determination of eligibility for cash aid under the CalWORKs program.

(c) A loss of contact, as evidenced by the return of mail marked in such a way as to indicate that it could not be delivered to the intended recipient

or that there was no forwarding address, shall require a prompt redetermination according to the procedures set forth in this section.

(d) Except as otherwise provided in this section, Medi-Cal eligibility shall continue during the redetermination process described in this section. A Medi-Cal beneficiary's eligibility shall not be terminated under this section until the county makes a specific determination based on facts clearly demonstrating that the beneficiary is no longer eligible for Medi-Cal under any basis and due process rights guaranteed under this division have been met.

(e) For purposes of acquiring information necessary to conduct the eligibility determinations described in subdivisions (a) to (d), inclusive, a county shall make every reasonable effort to gather information available to the county that is relevant to the beneficiary's Medi-Cal eligibility prior to contacting the beneficiary. Sources for these efforts shall include, but are not limited to, Medi-Cal, CalWORKs, and CalFresh case files of the beneficiary or of any of his or her immediate family members, which are open or were closed within the last 45 days, and wherever feasible, other sources of relevant information reasonably available to the counties.

(f) If a county cannot obtain information necessary to redetermine eligibility pursuant to subdivision (e), the county shall attempt to reach the beneficiary by telephone in order to obtain this information, either directly or in collaboration with community-based organizations so long as confidentiality is protected.

(g) If a county's efforts pursuant to subdivisions (e) and (f) to obtain the information necessary to redetermine eligibility have failed, the county shall send to the beneficiary a form, which shall highlight the information needed to complete the eligibility determination. The county shall not request information or documentation that has been previously provided by the beneficiary, that is not absolutely necessary to complete the eligibility determination, or that is not subject to change. The form shall be accompanied by a simple, clear, consumer-friendly cover letter, which shall explain why the form is necessary, the fact that it is not necessary to be receiving CalWORKs benefits to be receiving Medi-Cal benefits, the fact that receipt of Medi-Cal benefits does not count toward any time limits imposed by the CalWORKs program, the various bases for Medi-Cal eligibility, including disability, and the fact that even persons who are employed can receive Medi-Cal benefits. The cover letter shall include a telephone number to call in order to obtain more information. The form and the cover letter shall be developed by the department in consultation with the counties and representatives of consumers, managed care plans, and Medi-Cal providers. A Medi-Cal beneficiary shall have no less than 20 days from the date the form is mailed pursuant to this subdivision to respond. Except as provided in subdivision (h), failure to respond prior to the end of this 20-day period shall not impact his or her Medi-Cal eligibility.

(h) If the purpose for a redetermination under this section is a loss of contact with the Medi-Cal beneficiary, as evidenced by the return of mail marked in such a way as to indicate that it could not be delivered to the

intended recipient or that there was no forwarding address, a return of the form described in subdivision (g) marked as undeliverable shall result in an immediate notice of action terminating Medi-Cal eligibility.

(i) If, within 20 days of the date of mailing of a form to the Medi-Cal beneficiary pursuant to subdivision (g), a beneficiary does not submit the completed form to the county, the county shall send the beneficiary a written notice of action stating that his or her eligibility shall be terminated 10 days from the date of the notice and the reasons for that determination, unless the beneficiary submits a completed form prior to the end of the 10-day period.

(j) If, within 20 days of the date of mailing of a form to the Medi-Cal beneficiary pursuant to subdivision (g), the beneficiary submits an incomplete form, the county shall attempt to contact the beneficiary by telephone and in writing to request the necessary information. If the beneficiary does not supply the necessary information to the county within 10 days from the date the county contacts the beneficiary in regard to the incomplete form, a 10-day notice of termination of Medi-Cal eligibility shall be sent.

(k) If, within 30 days of termination of a Medi-Cal beneficiary's eligibility pursuant to subdivision (h), (i), or (j), the beneficiary submits to the county a completed form, eligibility shall be determined as though the form was submitted in a timely manner and if a beneficiary is found eligible, the termination under subdivision (h), (I), or (j) shall be rescinded.

(l) If the information reasonably available to the county pursuant to the redetermination procedures of subdivisions (d), (e), (g), and (m) does not indicate a basis of eligibility, Medi-Cal benefits may be terminated so long as due process requirements have otherwise been met.

(m) The department shall, with the counties and representatives of consumers, including those with disabilities, and Medi-Cal providers, develop a timeframe for redetermination of Medi-Cal eligibility based upon disability, including ex parte review, the redetermination form described in subdivision (g), timeframes for responding to county or state requests for additional information, and the forms and procedures to be used. The forms and procedures shall be as consumer-friendly as possible for people with disabilities. The timeframe shall provide a reasonable and adequate opportunity for the Medi-Cal beneficiary to obtain and submit medical records and other information needed to establish eligibility for Medi-Cal based upon disability.

(n) This section shall be implemented on or before July 1, 2001, but only to the extent that federal financial participation under Title XIX of the federal Social Security Act (Title 42 U.S.C. Sec. 1396 and following) is available.

(o) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall, without taking any regulatory action, implement this section by means of all county letters or similar instructions. Thereafter, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the

Government Code. Comprehensive implementing instructions shall be issued to the counties no later than March 1, 2001.

SEC. 60. Section 14011.1 of the Welfare and Institutions Code is amended to read:

14011.1. (a) The department shall, not later than July 1, 1998, create and implement a simplified application package for the following Medi-Cal applicants, as described under Section 1902(l)(3) of the federal Social Security Act (42 U.S.C. Sec. 1396a(l)(3)):

- (1) Children.
- (2) Pregnant women and infants.

(b) In developing the application package described in this section, the department shall seek input from the Managed Risk Medical Insurance Board and persons with expertise, including beneficiary representatives, counties, and beneficiaries.

(c) The department shall permit an applicant to whom subdivision (a) applies to apply for benefits by mailing in the simplified application package. The package shall include, but not be limited to, the following items, as they now exist or may be changed from time to time:

- (1) An application for cash aid, CalFresh, and Medi-Cal.
- (2) A statement of citizenship, alienage, and immigration status.
- (3) A statement of facts.
- (4) Important information for persons requesting Medi-Cal.
- (5) The Child Health and Disability Prevention Program brochure.

(d) The department shall not require an applicant who submits a simplified application pursuant to subdivision (c) to complete a face-to-face interview, except for good cause, a suspicion of fraud, or to complete the application process. Every application package shall contain a notification of the applicant's right to complete a face-to-face interview.

(e) The department shall implement this section only to the extent that its provisions are not violative of the requirements of federal law, and only to the extent that federal financial participation is not jeopardized.

SEC. 61. Section 14011.2 of the Welfare and Institutions Code, as amended by Section 33 of Chapter 5 of the 4th Extraordinary Session of the Statutes of 2009, is amended to read:

14011.2. (a) The department shall require that each applicant for or beneficiary of Medi-Cal, including a child, who is not a recipient of aid under the provisions of Chapter 2 (commencing with Section 11200) or Chapter 3 (commencing with Section 12000) shall provide his or her social security account number, or numbers, if he or she has more than one such number.

(b) The requirement for a social security account number shall be a condition of eligibility only for the applicant who is seeking or the beneficiary who is receiving (1) full-scope medical benefits or (2), pursuant to Section 14007.5, restricted medical benefits (emergency and pregnancy-related services only), and, in either case, who declares, as required in subdivision (d), that he or she is a citizen or national of the

United States, and, if he or she is not a citizen or national of the United States, that he or she has satisfactory immigration status.

(c) The requirement for a social security account number shall not be a condition of eligibility for the applicant who is seeking or the beneficiary who is receiving, pursuant to Section 14007.5, restricted medical benefits (emergency and pregnancy-related services only), and who has not made the declaration, as required in subdivision (d), that he or she is not a citizen or national of the United States, and, if he or she is not a citizen or national of the United States, that he or she does not have satisfactory immigration status.

(d) Every applicant or beneficiary or, in the case of a child, by the child's caretaker relative or legal guardian on his or her behalf shall declare, under penalty of perjury, that he or she is, or is not any of the following:

- (1) A citizen of the United States.
- (2) A national of the United States.
- (3) An alien who has satisfactory immigration status.

(e) (1) Notwithstanding Section 50301.1 of Title 22 of the California Code of Regulations, an individual who declares to be a citizen or national of the United States in accordance with Section 1903(i)(22) of the federal Social Security Act (42 U.S.C. Sec. 1396b(i)(22)) shall present satisfactory documentary evidence of citizenship or nationality in compliance with Section 1903(x) (42 U.S.C. Sec. 1396b(x) of the federal Social Security Act). Except as otherwise provided in Section 14007.2 and in paragraph (7), no services shall be available under this chapter for an individual who fails to comply with the documentation requirements of this section.

(2) (A) The documentation required pursuant to paragraph (1) shall be provided once by each individual, as follows:

- (i) During the initial application process for applicants.
- (ii) During the redetermination process for existing beneficiaries.

(B) If the documentation is obtained from a beneficiary, the county shall maintain a copy of the documentation in the case file of the beneficiary, and shall not request this documentation again.

(C) If electronic verification is used, a record of the documentation shall be maintained in the case record and shall not be requested again.

(D) Once the required documentation has been obtained by the county, the beneficiary shall not be required to provide it again, even if he or she is transferring to or applying in a new county.

(3) To the extent that federal financial participation is available, the department shall provide for exceptions or alternatives to the documentation requirements imposed by this subdivision as a means of providing individuals with increased flexibility and ability to provide satisfactory documentary evidence within a reasonable period of time. These exceptions or alternatives may include, but shall not be limited to, using an expanded list of acceptable documents, relying on electronic data matches for birth certificates, relying on a sworn affidavit of citizenship with respect to an individual who can demonstrate good cause for his or her inability or other failure to provide

the required documentation, and relying on other information that may be available electronically.

(4) (A) To the extent that federal financial participation is available, the department shall rely on the eligibility determinations for the CalWORKs program or the Aid to Families with Dependent Children-Foster Care program as meeting the requirements of this section.

(B) To the extent that federal financial participation is available, an individual shall be deemed to have met the documentation requirements of this subdivision if the individual has been determined to be eligible for supplemental security income pursuant to Title XVI of the Social Security Act (42 U.S.C. Sec. 1601 et seq.).

(5) The following provisions shall apply to the extent that federal financial participation is available:

(A) If an individual cooperates in the effort to obtain and present the documentation required under this subdivision, the individual shall be given as much time as is allowed by federal law and policy to present that documentation.

(B) During the time period described in subparagraph (A), an applicant shall receive the scope of Medi-Cal benefits for which the applicant is otherwise eligible.

(6) To the extent that federal financial participation is available, the county shall do all of the following to assist an individual in obtaining and presenting the documentation required under this subdivision:

(A) For an applicant who does not present the required documentation at the time of application, the county, during the time period described in subparagraph (A) of paragraph (5), shall assist the applicant in obtaining that documentation.

(B) For a current beneficiary who has not yet documented his or her citizenship, the county shall do the following:

(i) If, at the time of annual redetermination, the beneficiary returns the annual redetermination form and, but for the failure to present the required documentation, continued eligibility could be established, the county shall do the following:

(I) Review county eligibility files and records, and the Medi-Cal Eligibility Data System, to access those documents. This review shall include a review of any CalWORKs or CalFresh files that may exist for the beneficiary.

(II) Attempt to reach the beneficiary by telephone to advise the beneficiary as to the need to obtain and present the required documentation.

(III) If the beneficiary fails to respond to the telephone contact or present the required documents, send a second form to the beneficiary that highlights the documentation being requested and informs the beneficiary to contact the county. The form shall be written in a simple, clear, consumer-friendly manner, and shall explain why the documentation is necessary.

(IV) If the beneficiary fails to contact the county, the county shall make another attempt to reach the beneficiary by telephone to advise the beneficiary of the need to obtain and present the required documentation.

(ii) Document in the case file any efforts made to contact and advise the beneficiary as to the need to obtain and present the required documentation.

(C) If a beneficiary fails to present the required documentation after the process required under clause (i), the county shall send a 10-day notice of action to indicate that the beneficiary's benefits are reduced to those made available under Section 14007.2.

(7) To the extent federal financial participation is available, and only to the extent any necessary federal approvals have been obtained, the department may, in its discretion, elect the option referenced in Section 1396a(a)(46)(B)(ii) of Title 42 of the United States Code to satisfy the requirements of paragraph (1). This paragraph shall become operative on January 1, 2010, or when all necessary agreements with the Commissioner of Social Security are in place, whichever is later. The department may implement this paragraph earlier than January 1, 2010, only to the extent allowed by federal law or guidance.

(8) (A) Any benefits provided in accordance with subparagraph (B) of paragraph (5) shall terminate if any of the following occurs:

(i) The individual does not obtain and present the required documentation within the time period provided in subparagraph (A) of paragraph (5).

(ii) The documentation is received by the county and the county has made a final determination of eligibility.

(B) The termination of Medi-Cal benefits under this paragraph shall occur without the necessity of further review or determination by the department. This shall not affect an individual's right to a hearing with respect to the denial of the application or termination of eligibility resulting from the annual eligibility redetermination.

(9) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall implement this subdivision by means of an all-county letter or similar instruction without taking regulatory action. Within three years from the date that this subdivision becomes effective, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(10) The department shall notify and consult with advocates, providers, counties, and health plans in implementing, interpreting, or making specific this subdivision.

(11) The department shall file all necessary state plan amendments to implement the requirements of this subdivision. Upon filing any state plan amendment, the department shall provide the appropriate fiscal committees of the Legislature with a copy of the state plan amendment.

(12) If any part of this subdivision is in conflict with or does not comply with federal law, the subdivision shall be implemented only to the extent that federal law permits. Any part that is in conflict with or does not comply with federal law shall be severable from the remaining portions of this subdivision.

SEC. 62. Section 14107.12 of the Welfare and Institutions Code is amended to read:

14107.12. (a) The Department of Justice may pay, pursuant to subdivision (d), from funds recovered by the Department of Justice, and only to the extent that the money may be used for this purpose, a reward to any person who furnishes information leading to the recovery of not less than one hundred dollars (\$100) of public funds paid for services or goods rendered under the Medi-Cal program due to an act or omission by a individual or entity from which recovery is sought and that is the basis of a conviction of a Medi-Cal provider of services or goods in violation of any statutory criminal prohibition within the jurisdiction of the Bureau of Medi-Cal Fraud and Elder Abuse pursuant to Section 12528 of the Government Code.

(b) No reward shall be paid for information under this section unless the information relates to the specific activities of a specific individual or entity, and specifies the time period during which the prohibited activities occurred.

(c) No reward shall be paid under this section to a federal, state, or local public employee or any individual contracting with a state or local agency for information discovered by the employee during the course of his or her duties as a federal, state, or local agency employee or pursuant to a contract with that agency.

(d) The amount of a reward under this section shall be determined by the Department of Justice, and shall not exceed 10 percent of the restitution recovered or one thousand dollars (\$1,000), whichever is less. No reward shall be paid until all recoverable funds have been collected from the individual or entity convicted of a violation of statutory prohibitions listed in subdivision (a).

(e) A determination by the Department of Justice of the eligibility of an individual to receive a reward, the amount and appropriateness of a reward under this section, and the timing of the payment of the reward shall be deemed to be final and shall not be subject to administrative appeal or judicial review.

(f) Subject to subdivision (g), payments made under authority of this section shall be disregarded for purposes of determining eligibility for any Medi-Cal program, for the CalWORKs program, for CalFresh, for the County Medical Services Program, and for any other means-tested public benefit program for which California has authority to establish the rules for determining eligibility.

(g) The income disregard described in subdivision (f) shall not be effective, with respect to an identified program, until the first day of the third month from the month in which any necessary federal approval is obtained. The income disregard provided for in subdivision (f) shall only be implemented to the extent that federal financial participation is obtained.

SEC. 63. Section 15125 of the Welfare and Institutions Code is amended to read:

15125. (a) The Central Benefit Issuance Fund is hereby created in the State Treasury.

(b) The fund shall be administered by the State Department of Social Services, and, notwithstanding Section 13340 of the Government Code, all moneys in the fund are hereby continuously appropriated to the department, without regard to fiscal years, for expenditure for the purpose of making payments or advances to recipients of public social services and CalFresh benefits, as provided in Section 11006.6.

(c) Amounts to be transferred to the Central Benefit Issuance Fund shall be determined by the department, in accordance with an agreed upon format with the Controller, from the funds and appropriations properly chargeable for the implementation of the central benefit issuance system provided for in Section 11006.6.

(d) (1) Notwithstanding Section 17070 of the Government Code, any warrant drawn on the Central Benefit Issuance Fund that remains unpaid for 180 days after it becomes payable, shall be void and shall be canceled by the Controller.

(2) The Controller shall cause to be printed prominently on the face of each warrant issued from the fund, a notice regarding the requirements of paragraph (1).

(e) Notwithstanding Sections 17091 and 17092 of the Government Code, the department, with the concurrence of the Controller, shall provide for the replacement of lost or stolen warrants consistent with Section 29853.5 of the Government Code. The department may adopt regulations implementing this subdivision.

SEC. 64. Section 15204.4 of the Welfare and Institutions Code is amended to read:

15204.4. In addition to the funds received under Section 15204.2, counties shall be required to expend money from their own funds, either from the county's general fund or from the social services account of the county health and welfare trust fund to support administration of programs providing services to needy families. Each county shall expend an amount for these programs that, when combined with funds expended under Section 18906.5 for administration of CalFresh, equals or exceeds the amount spent by that county for corresponding activities during the 1996–97 fiscal year. Failure to meet this required level of spending shall result in a proportionate reduction of the funds provided under Section 15204.2. In those cases the Director of Social Services shall report to the Legislature within 30 days his or her findings relative to the ability of the county, with reduced funds, to meet its obligations in administering the affected programs. The report shall include any relevant information related to the performance of the county.

SEC. 65. Section 15204.5 of the Welfare and Institutions Code is amended to read:

15204.5. The department shall establish and maintain a plan whereby costs for county administration of the payment of aid grants under this part will be effectively controlled within the amounts annually appropriated for such administration. The plan, to be known as the County Administrative Cost Control Plan, shall establish standards and performance criteria,

including workload, productivity and support services standards, to which counties shall adhere. The plan shall be part of a single state plan, jointly developed by the department and the State Department of Health Care Services, in conjunction with the counties, for administrative cost control for the Aid to Families with Dependent Children (AFDC), CalFresh, and Medical Assistance (Medi-Cal) programs. Allocations shall be made to each county and shall be limited by and determined based upon the County Administrative Cost Control Plan. In administering the plan to control county administrative costs, the department shall not allocate state funds to cover county cost overruns which result from county failure to meet requirements of the plan. The department and the State Department of Health Care Services shall budget, administer, and allocate state funds for county administration in a uniform and a consistent manner.

SEC. 66. Section 15525 of the Welfare and Institutions Code is amended to read:

15525. (a) The State Department of Social Services shall establish a Work Incentive Nutritional Supplement (WINS) program pursuant to this section.

(b) Under the WINS program established pursuant to subdivision (a), each county shall provide a forty-dollar (\$40) per month additional food assistance benefit for each eligible CalFresh household, as defined in subdivision (d).

(c) The state shall pay to the counties 100 percent of the cost of WINS benefits, using funds that qualify for the state's maintenance of effort requirements under Section 609(a)(7)(B)(i) of Title 42 of the United States Code.

(d) For purposes of this section, an "eligible CalFresh household" is a household that meets all of the following criteria:

(1) Receives benefits pursuant to Chapter 10 (commencing with Section 18900) of Part 6.

(2) Has no household member receiving CalWORKs benefits pursuant to Chapter 2 (commencing with Section 11200).

(3) Contains at least one child under 18 years of age, unless the household contains a child who meets the requirements of Section 11253.

(4) Has at least one parent or caretaker relative determined to be "work eligible" as defined in Section 261.2(n) of Title 45 of the Code of Federal Regulations and Section 607 of Title 42 of the United States Code.

(5) Meets the federal work participation hours requirement set forth in Section 607 of Title 42 of the United States Code for subsidized or unsubsidized employment, and provides documentation that the household has met the federal work requirements.

(e) (1) In accordance with federal law, federal Supplemental Nutrition Assistance Program benefits administered in California as CalFresh (Chapter 10 (commencing with Section 18900) of Part 6), federal supplemental security income benefits, state supplemental security program benefits, public social services, as defined in Section 10051, and county aid benefits

(Part 5 (commencing with Section 17000)), shall not be reduced as a consequence of the receipt of the WINS benefit paid under this chapter.

(2) Benefits paid under this chapter shall not count toward the federal 60-month time limit on aid as set forth in Section 608(a)(7)(A) of Title 42 of the United States Code. Payment of WINS benefits shall not commence before October 1, 2013, and full implementation of the program shall be achieved on or before April 1, 2014.

(f) (1) 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 and Section 10554), until emergency regulations are filed with the Secretary of State pursuant to paragraph (2), the State Department of Social Services may implement this section through all-county letters or similar instructions from the director. The director may provide for individual county phase-in of this section to allow for the orderly implementation based upon standards established by the director, including the operational needs and requirements of the counties. Implementation of the automation process changes shall include issuance of an all-county letter or similar instructions to counties by March 1, 2013.

(2) The department may adopt regulations to implement this chapter. The initial adoption, amendment, or repeal of a regulation authorized by this section is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted for that purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code. After the initial adoption, amendment, or repeal of an emergency regulation pursuant to this paragraph, the department may request approval from the Office of Administrative Law to readopt the regulation as an emergency regulation pursuant to Section 11346.1 of the Government Code.

(g) (1) The department shall not fully implement this section until the department convenes a workgroup of advocates, legislative staff, county representatives, and other stakeholders to consider the progress of the WINS automation effort in tandem with a pre-assistance employment readiness system (PAERS) program and any other program options that may provide offsetting benefits to the caseload reduction credit in the CalWORKs program. The department shall convene this workgroup on or before December 1, 2012.

(2) A PAERS program shall be considered in light of current and potential federal Temporary Assistance for Needy Families (TANF) statutes and regulations and how other states with pre-assistance or other caseload offset options are responding to federal changes.

(3) The consideration of program options shall include, but not necessarily be limited to, the potential impacts on helping clients to obtain self-sufficiency, increasing the federal work participation rate, increasing the caseload reduction credit, requirements and efficiency of county administration, and the well-being of CalWORKs recipients.

(4) If the workgroup concludes that adopting a PAERS program or other program option pursuant to this section would, on balance, be favorable for

California and its CalWORKs recipients, the department, in consultation with the workgroup, shall prepare a proposal by March 31, 2013, for consideration during the regular legislative budget subcommittee process in 2013.

(5) To meet the requirements of this subdivision, the department may use its TANF reauthorization workgroups.

SEC. 66.5. Section 17720 of the Welfare and Institutions Code is amended to read:

17720. The California Health and Human Services Agency shall designate a department to coordinate sources of funding and services not under the jurisdiction of the department which are available to children with special health care needs in order to maximize the health and social services provided to these children and avoid duplication of programs and funding.

SEC. 67. Section 18326 of the Welfare and Institutions Code is amended to read:

18326. The California Commission on Aging, with the approval of the Secretary of California Health and Human Services, shall develop and submit to the federal government the state plan for implementation of the Older Americans Act of 1965, as amended, pursuant to this chapter. Such plan shall be submitted by February 1, 1973, and by May 1st of each succeeding year. While such state plan is in preparation, any private agency or public agency, with the consent of the jurisdiction involved, may submit to the California Commission on Aging for review and consideration its proposal for funding and assistance pursuant to the Older Americans Act of 1965, as amended. The commission shall do everything feasible to assist such private and state or local agencies in the preparation of their proposals.

SEC. 67.5. The heading of Chapter 10 (commencing with Section 18900) of Part 6 of Division 9 of the Welfare and Institutions Code is amended to read:

#### CHAPTER 10. CALFRESH

SEC. 68. Section 18900 of the Welfare and Institutions Code is amended to read:

18900. Finding that hunger, undernutrition, and malnutrition are present and continuing problems faced by low-income California households, and further finding that the federal Supplemental Nutrition Assistance Program (Chapter 51 (commencing with Section 2011), Title 7, United States Code) offers significant health-vital benefits, the purpose of this chapter is to establish a statewide program to enable recipients of aid under Part 3 (commencing with Section 11000) or Part 5 (commencing with Section 17000) of this division and other low-income households to receive benefits under the federal Supplemental Nutrition Assistance Program.

SEC. 69. Section 18900.2 is added to the Welfare and Institutions Code, to read:

18900.2. (a) Pursuant to Section 18900.1, the name of the federal Supplemental Nutrition Assistance Program (Chapter 51 (commencing with Section 2011) Title 7 of the United States Code) as administered in California shall be CalFresh.

(b) Any reference in any other law to the Food Stamp program shall refer to CalFresh.

SEC. 70. Section 18901.3 of the Welfare and Institutions Code is amended to read:

18901.3. (a) Subject to the limitations of subdivision (b), pursuant to Section 115(d)(1)(A) of Public Law 104-193 (21 U.S.C. Sec. 862a(d)(1)(A)), California opts out of the provisions of Section 115(a)(2) of Public Law 104-193 (21 U.S.C. Sec. 862a(a)(2)). A convicted drug felon shall be eligible to receive CalFresh benefits under this section.

(b) Subdivision (a) does not apply to a person who has been convicted of unlawfully transporting, importing into this state, selling, furnishing, administering, giving away, possessing for sale, purchasing for purposes of sale, manufacturing a controlled substance, possessing precursors with the intent to manufacture a controlled substance, or cultivating, harvesting, or processing marijuana or any part thereof pursuant to Section 11358 of the Health and Safety Code.

(c) Subdivision (a) does not apply to a person who has been convicted of unlawfully soliciting, inducing, encouraging, or intimidating a minor to participate in any activity listed in subdivision (b).

(d) As a condition of eligibility to receive CalFresh benefits pursuant to subdivision (a), an applicant convicted of a felony drug offense that is not excluded under subdivision (b) or (c) shall be required to provide proof of one of the following subsequent to the most recent drug-related conviction:

- (1) Completion of a government-recognized drug treatment program.
- (2) Participation in a government-recognized drug treatment program.
- (3) Enrollment in a government-recognized drug treatment program.
- (4) Placement on a waiting list for a government-recognized drug treatment program.

(5) Other evidence that the illegal use of controlled substances has ceased, as established by State Department of Social Services regulations.

(e) Notwithstanding 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 department may implement this section through an all-county letter or similar instructions from the director no later than January 1, 2005.

(f) The department shall adopt regulations as otherwise necessary to implement this section no later than July 1, 2005. Emergency regulations adopted for implementation of this section may be adopted by the director in accordance with the Administrative Procedure Act. The adoption of emergency regulations shall be deemed to be an emergency and necessary for immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by

this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days.

SEC. 71. Section 18901.4 of the Welfare and Institutions Code is amended to read:

18901.4. (a) Effective July 1, 2010, the department shall propose a Transitional CalFresh for Foster Youth demonstration project under which independent foster care adolescents, as defined in Section 1905(w)(1) of the federal Social Security Act (42 U.S.C. Sec. 1396d(w)(1)) who are not eligible for CalWORKs or Supplementary Security Income program benefits, shall be eligible without regard to income or resources, subject to federal law authorizing demonstration projects pursuant to Section 2011 and following of Title 7 of the United States Code.

(b) An individual eligible for the program proposed pursuant to this section shall receive the maximum benefit amount allotted for a household size of one for the initial certification period, which shall remain constant for the entirety of the initial certification period. The CalFresh case shall be established and maintained in the county of jurisdiction designated by the terminating foster care case.

(c) The demonstration project proposed pursuant to this section shall maximize access to benefits and minimize interim reporting requirements during the certification period.

(d) Notwithstanding any other provision of law, Chapter 4.6 (commencing with Section 10830) of Part 2 of Division 9 shall not apply to individuals eligible under this section during the 12-month transitional CalFresh demonstration project certification period.

(e) Not later than March 1, 2010, the department shall seek all necessary federal approvals to implement this section as a demonstration project for these beneficiaries. This section shall be implemented only to the extent that federal financial participation is available.

(f) The department shall implement this section by an all-county letter (ACL) or similar instruction from the director and shall adopt regulations as otherwise necessary to implement this section no later than January 1, 2011.

SEC. 72. Section 18901.5 of the Welfare and Institutions Code is amended to read:

18901.5. (a) The department shall establish a program of categorical eligibility for CalFresh in accordance with Section 5(a) of the federal Food and Nutrition Act of 2008 (7 U.S.C. Sec. 2014(a)), and implementing regulations, to improve nutrition and promote the retention and development of assets and resources for needy households who meet all other federal Supplemental Nutrition Assistance Program eligibility requirements. Categorical eligibility for CalFresh shall also apply to any individual who is a member of a household that will be receiving or is eligible to receive cash assistance under Part 5 (commencing with Section 17000), or eligible to receive food assistance under Chapter 10.1 (commencing with Section 18930).

(b) The director shall implement the program established pursuant to this section only with the appropriate federal authorization and if implementation would not result in the loss of federal financial participation.

(c) 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) and Section 10554, until emergency regulations are filed with the Secretary of State, the State Department of Social Services may implement the changes made by subdivision (a) through all-county letters or similar instructions from the director. The department shall adopt emergency regulations as necessary to implement those amendments on or before January 1, 2010. The program established pursuant to this section shall be established on or before July 1, 2009, and shall be fully implemented as to new applicants for CalFresh on or before January 1, 2010.

(d) The department shall adopt regulations to implement this section. The adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to address an emergency, for purposes of Sections 11346.1 and 11349.6 of the Government Code, and the department is hereby exempted for this purpose from the requirements of subdivision (b) of Section 11346.1 of the Government Code. The emergency regulations shall be exempt from review by the Office of Administrative Law. The department shall adopt final regulations implementing the program authorized by this section on or before July 1, 2010.

SEC. 73. Section 18901.6 of the Welfare and Institutions Code is amended to read:

18901.6. To the maximum extent allowable by federal law, each county welfare department shall provide transitional CalFresh benefits to households terminating their participation in the CalWORKS program.

SEC. 74. Section 18901.7 of the Welfare and Institutions Code is amended to read:

18901.7. (a) To the extent allowable by federal law, the income, resources, and deductible expenses of any household member who is rendered ineligible for CalFresh benefits pursuant to Title IV of Public Law 104-193, and any amendments thereto, shall be excluded when calculating federal Supplemental Nutrition Assistance Program benefits administered in California as CalFresh, under this chapter.

(b) No household shall receive more CalFresh benefits under this section than it would have received if no household member was rendered ineligible pursuant to Title IV of Public Law 104-193 and any subsequent amendments thereto.

(c) This section shall become operative on September 1, 1998.

SEC. 75. Section 18901.8 of the Welfare and Institutions Code is amended to read:

18901.8. (a) To the extent permitted by federal law, and with receipt of necessary federal approvals, the State Department of Social Services, in conjunction with affected stakeholder groups, shall develop and implement, if otherwise feasible, a simplified and shorter application form for

nonassistance CalFresh cases. The contents of this simpler form shall be evaluated for use in multiprogram application forms for the CalFresh, Medi-Cal, and CalWORKs programs. The department shall seek any federal approvals necessary for implementation of the form.

(b) The department shall not require any county to implement use of the form described in subdivision (a) until the county has been allowed sufficient time to reprogram its automated systems for the purpose of implementing the form.

(c) The department shall provide information on implementation, including a simplified form, to the appropriate legislative committees on or before July 1, 2001.

SEC. 76. Section 18904.1 of the Welfare and Institutions Code is amended to read:

18904.1. (a) The director, to the extent permitted by federal law, shall establish methods for CalFresh benefit issuance in all counties which guarantee to low-income households the health-vital nutritional benefits available under this chapter and to achieve the most efficient system for program administration so as to minimize administrative costs.

(b) The director shall maintain methods for over-the-counter and mail issuance of CalFresh benefits in a county until issuance of CalFresh benefits by electronic benefits transfer for all CalFresh recipients in the county has been implemented pursuant to Chapter 3 (commencing with Section 10065) of Part 1.

(c) Until issuance of CalFresh benefits by electronic benefits transfer has been implemented in a county for all CalFresh recipients, the director shall maintain, in the county, methods for over-the-counter issuance that guarantee program accessibility in all cases where a household has been found to be in immediate need of food assistance or where a household has been determined to be eligible for the replacement of a previous issuance.

SEC. 77. Section 18904.25 of the Welfare and Institutions Code is amended to read:

18904.25. (a) Pursuant to the federal Stewart B. McKinney Homeless Assistance Act (Public Law 100-77), the department shall develop CalFresh information on expedited services targeted to the homeless population. These shall be made available to homeless shelters, emergency food programs, and other community agencies who provide services to homeless people.

(b) Each county welfare department shall annually offer training on CalFresh application procedures to homeless shelter operators. In addition, each county welfare department, upon request, shall provide homeless shelters with a supply of that portion of the CalFresh application used to request CalFresh expedited service.

SEC. 78. Section 18904.3 of the Welfare and Institutions Code is amended to read:

18904.3. (a) Where private nonprofit organizations are successful in raising money for CalFresh outreach activities and have secured a local governmental agency to serve as the contracting agency, the department

shall, upon request and subject to approval by the United States Department of Agriculture, act as their state entity for receipt of matching funds.

(b) Any reduction in federal funding to the state that is due to the result of any audit of CalFresh outreach contracts or activities shall be applied to the appropriate local government that served as the contracting agency for CalFresh outreach activities.

SEC. 79. Section 18904.35 of the Welfare and Institutions Code is amended to read:

18904.35. Upon approval of a final plan for CalFresh outreach activities, in accordance with Section 18904.4, the department shall, in determining whether to request federal matching funds for a CalFresh outreach activity, give priority consideration to those activities that implement the final plan.

SEC. 80. Section 18905 of the Welfare and Institutions Code is amended to read:

18905. In the event that the United States Department of Agriculture makes a final determination to reduce federal funding of the federal Supplemental Nutrition Assistance Program, administered in California as CalFresh, due to issuance errors or improper or inadequate county administration of the program, the county or counties responsible for such reduction shall be liable for the amount thereof in accordance with standards adopted by the Director of Social Services.

SEC. 81. Section 18906 of the Welfare and Institutions Code is amended to read:

18906. The department shall establish and maintain a plan whereby costs for county administration of CalFresh under this chapter will be effectively controlled within the amounts annually appropriated for such administration. The plan, to be known as the County Administrative Cost Control Plan, shall establish standards and performance criteria, including workload, productivity and support services standards, to which counties shall adhere. The plan shall be part of a single state plan, jointly developed by the department and the State Department of Health Care Services, for administrative cost control for the Aid to Families with Dependent Children (AFDC), CalFresh, and Medical Assistance (Medi-Cal) programs. Allocations shall be made to each county and shall be limited by and determined based upon the County Administrative Cost Control Plan. In administering the plan to control county administrative costs, the department shall not allocate state funds to cover county cost overruns which result from county failure to meet requirements of the plan. The department and the State Department of Health Care Services shall budget, administer, and allocate state funds for county administration in a uniform and consistent manner.

SEC. 82. Section 18906.5 of the Welfare and Institutions Code is amended to read:

18906.5. (a) The state shall pay 70 percent of the nonfederal costs of administering the federal Supplemental Nutrition Assistance Program, administered in California as CalFresh, subject to Sections 18906 and 18906.7. The counties shall pay the remaining share of the nonfederal costs.

(b) The state shall pay 85 percent of the nonfederal share of the costs of AFDC fraud investigation subject to Section 15204.5. The counties shall pay the remaining share of the nonfederal costs.

SEC. 83. Section 18906.55 of the Welfare and Institutions Code is amended to read:

18906.55. (a) Notwithstanding Section 18906.5 or any other law, as a result of the substantial fiscal pressures on counties created by the unprecedented and unanticipated CalFresh caseload growth associated with the economic downturn beginning in 2008, and in order to provide fiscal relief to counties as a result of this growth, a county that meets the maintenance of effort requirement pursuant to Section 15204.4 entirely through expenditures for the administration of CalFresh in state fiscal years 2010–11 and 2011–12 shall receive the full General Fund allocation for administration of CalFresh without paying the county's share of the nonfederal costs for the amount above the maintenance of effort required by Section 15204.4.

(b) The full General Fund allocation for administration of CalFresh pursuant to subdivision (a) shall equal 35 percent of the total federal and nonfederal projected funding need for administration of CalFresh. The methodology used for calculating those projections shall remain the same as it was for the 2009–10 fiscal year for as long as this section remains in effect.

(c) No relief to the county share of administrative costs authorized by this section shall result in any increased cost to the General Fund as determined in subdivision (b).

(d) Subdivision (a) shall not be interpreted to prevent a county from expending funds in excess of the amount required to meet the maintenance of effort required by Section 15204.4.

(e) This section shall become inoperative on July 1, 2012, and, as of January 1, 2013, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2013, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 84. Section 18907 of the Welfare and Institutions Code is amended to read:

18907. In the determination of eligibility for CalFresh, there shall be no discrimination against any household by reason of marital status, political belief, or any characteristic listed or defined in Section 11135 of the Government Code to the extent not in conflict with federal law.

SEC. 85. Section 18908 of the Welfare and Institutions Code is amended to read:

18908. Except as provided in Section 18904.1, federal supplemental security income benefits, state supplemental security program benefits, public assistance, and county aid benefits shall not be reduced as a consequence of the receipt of CalFresh benefits under this chapter, to the extent permitted by federal law.

SEC. 86. Section 18910 of the Welfare and Institutions Code is amended to read:

18910. (a) To the extent permitted by federal law, regulations, waivers, and directives, the department shall implement the prospective budgeting, quarterly reporting system provided in Sections 11265.1, 11265.2, and 11265.3, and related provisions regarding CalFresh, in a cost-effective manner that promotes compatibility between the CalWORKs program and CalFresh, and minimizes the potential for payment errors.

(b) The department shall seek all necessary waivers from the United States Department of Agriculture to implement subdivision (a).

SEC. 87. Section 18911 of the Welfare and Institutions Code is amended to read:

18911. (a) An application and an authorization for participation in CalFresh shall be processed within a period of not more than 30 days from the date of application.

(b) The department shall develop written information that describes the eligibility and verification requirements for expedited service, the process for applying for those benefits, and the availability of assistance in filling out the forms and gathering needed documentation.

(c) Each county welfare department shall make the material developed pursuant to subdivision (b) available to each applicant at the time the applicant initially seeks CalFresh benefits.

(d) Each county welfare department shall, upon request, make available the information developed pursuant to subdivision (b) to community action agencies, legal services offices, emergency food programs, and other programs.

(e) Each county welfare department shall compile a list of emergency food providers in the area served by the local CalFresh office. The list shall be updated, based on information from the food providers. The list shall be made available upon request, and, where needed, may be used to refer individuals to emergency food sites that may be able to provide assistance.

(f) Each county welfare department shall make available to CalFresh applicants, upon request, nonpromotional information that contains addresses and phone numbers of local legal services and welfare rights organizations.

SEC. 88. Section 18914 of the Welfare and Institutions Code, as amended by Section 4 of Chapter 443 of the Statutes of 1990, is amended to read:

18914. (a) To the extent provided by federal law, the county welfare department shall provide CalFresh benefits on an expedited basis to households determined to be in immediate need of food assistance.

(b) At the time an applicant initially seeks assistance, the county welfare department shall screen all expedited service applications on a priority basis. Applicants who meet the federal criteria for expedited service shall receive either a manual authorization to participate or automated card or the immediate issuance of CalFresh benefits no later than the third day following the date the application was filed. To the maximum extent permitted by federal law, the amount of income to be received from any source shall be deemed to be uncertain and exempt from consideration in the determination of eligibility for expedited service. For purposes of this subdivision, a weekend shall be considered one calendar day.

(c) The State Department of Social Services shall develop and implement for expedited issuance a uniform procedure for verifying information required of an applicant.

SEC. 89. Section 18914 of the Welfare and Institutions Code, as added by Section 9 of Chapter 1293 of the Statutes of 1987, is amended to read:

18914. To the extent provided by federal law, the county welfare department shall provide CalFresh benefits on an expedited basis to households determined to be in immediate need of food assistance.

This section shall become operative July 1, 1991.

SEC. 90. Section 18915 of the Welfare and Institutions Code is amended to read:

18915. All applications and public information materials shall be available to potential, present, and past CalFresh recipients in each county in Spanish as well as English plus any other non-English language prevalent in each county. It shall be within the discretion of the director to designate such other prevalent non-English languages.

SEC. 91. Section 18918 of the Welfare and Institutions Code is amended to read:

18918. Not later than January 15, 2001, the State Department of Social Services, in conjunction with the State Department of Public Health and appropriate stakeholders, shall develop and submit to the Legislature a community outreach and education campaign to help families learn about, and apply for, the federal Supplemental Nutrition Assistance Program, administered in California as CalFresh, and the California Food Assistance Program. At a minimum, the plan shall include the following:

(a) Specific milestones and objectives proposed to be completed for the upcoming year and their anticipated cost.

(b) A general description of each strategy or method to be used for outreach.

(c) Geographic areas and special populations to be targeted, if any, and why the special targeting is needed.

(d) Coordination with other state or county education and outreach efforts.

(e) The results of previous years' outreach efforts.

(1) If necessary to obtain federal financial participation the CalFresh outreach plan shall be submitted to the United States Department of Agriculture not later than January 15, 2001. The state share of the funding shall be subject to appropriation in the annual Budget Act and may be funded through the General Fund or other state or local funding sources, as appropriate.

(2) After submission of the initial plan, it shall be updated annually and submitted to the Legislature by April 1 for the following year.

SEC. 92. Section 18923 of the Welfare and Institutions Code is amended to read:

18923. (a) The State Department of Social Services shall submit a request to the United States Department of Agriculture for a waiver to permit a CalFresh household to retain funds in the restricted savings account as specified in subdivision (a) of Section 11155.2 and as accumulated while

participating in the Aid to Families with Dependent Children program. The participation requirements for this specific savings account as specified in subdivision (a) of Section 11155.2 shall apply to CalFresh. Penalties for nonqualifying withdrawal of these funds shall result in a calculation of a period of ineligibility for all persons in the CalFresh household, to be determined by dividing the balance in the account immediately prior to the withdrawal by the CalFresh allotment to which the household is entitled. The resulting whole number shall be the number of months of ineligibility. The period of ineligibility may be reduced when the divisor, which is the CalFresh allotment, increases as a result of a cost-of-living adjustment.

(b) The director may waive, with federal approval, the enforcement of specific federal Supplemental Nutrition Assistance Program requirements, regulations, and standards necessary to implement this provision.

SEC. 93. Section 18925 of the Welfare and Institutions Code is amended to read:

18925. (a) The State Department of Health Care Services, in conjunction with the State Department of Social Services, shall implement a simplified eligibility process as part of CalFresh to expedite Medi-Cal program and Healthy Families Program enrollment for CalFresh recipients, including children and their eligible parents or caretaker relatives who are not enrolled in those programs.

(b) Each county welfare department shall develop a data list of family members residing in eligible CalFresh households who are not enrolled in the Medi-Cal program or the Healthy Families Program.

(c) The county welfare department shall develop a notice informing individuals identified pursuant to subdivision (b) that they may be entitled to receive benefits under the Medi-Cal program or the Healthy Families Program.

(d) At the time of the CalFresh household's annual recertification, the county welfare department shall send the notice specified in subdivision (c) to the individuals identified in subdivision (b). The notice shall include a request for permission to use the information in the CalFresh recipient's case file to make a determination of eligibility for the Medi-Cal program and the Healthy Families Program.

(e) The notice shall be written in culturally and linguistically appropriate language and at an appropriate literacy level. The notice shall include information on the Medi-Cal program and the Healthy Families Program, and a telephone number that CalFresh recipients may call for additional information.

(f) To apply for medical assistance under the Medi-Cal program, the CalFresh recipient shall sign, date, and return the notice requesting that an eligibility determination be made. Upon receipt of the notice, the county welfare department shall make an eligibility determination by utilizing the information in the CalFresh recipient's case file or paper application. The Medi-Cal application date shall be the date the notice is received by the county welfare department. If the CalFresh case file does not include sufficient information to establish Medi-Cal program eligibility, the county

welfare department shall request, either orally or in writing, additional information from the CalFresh recipient.

(g) If the CalFresh recipient is determined to be eligible to participate in the Medi-Cal program with a share of cost, or is determined to be ineligible for Medi-Cal, information pertinent to the CalFresh recipient's eligibility for the Healthy Families Program shall be forwarded by the county welfare department to the Healthy Families Program statewide administrator for immediate processing. If there is insufficient information to establish Healthy Families Program eligibility, the administrator shall request, either orally or in writing, additional information from the CalFresh recipient.

(h) Counties shall include the cost of implementing this section in their annual administrative budget requests to the State Department of Health Care Services.

(i) This section shall be implemented on or after July 1, 2003, but only to the extent federal financial participation is available.

SEC. 94. Section 18926 of the Welfare and Institutions Code is amended to read:

18926. (a) To the extent permitted by federal law, the department shall annually seek a federal waiver of the existing federal Supplemental Nutrition Assistance Program limitation that stipulates that an able-bodied adult without dependents (ABAWD) participant is limited to three months of CalFresh benefits in a three-year period unless that participant has met the work participation requirement.

(b) All eligible counties shall be included in and bound by this waiver unless a county declines to participate in the waiver request. If a county declines, the county shall submit documentation from the board of supervisors of that county to that effect.

(c) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 2 of the Government Code) the department may implement this section by all-county letters or similar instructions.

SEC. 95. Section 18930 of the Welfare and Institutions Code is amended to read:

18930. (a) The State Department of Social Services shall establish a Food Assistance Program to provide assistance for those persons described in subdivision (b). The department shall enter into an agreement with the United States Department of Agriculture to use the existing federal Supplemental Nutrition Assistance Program coupons for the purposes of administering this program. Persons who are members of a household receiving CalFresh benefits under this chapter or under Chapter 10 (commencing with Section 18900), and are receiving CalWORKs benefits under Chapter 2 (commencing with Section 11200) of Part 3 on September 1, 1998, shall have eligibility determined under this chapter without need for a new application no later than November 1, 1998, and the beginning date of assistance under this chapter for those persons shall be September 1, 1998.

(b) (1) Except as provided in paragraphs (2), (3), and (4) and Section 18930.5, noncitizens of the United States shall be eligible for the program established pursuant to subdivision (a) if the person's immigration status meets the eligibility criteria of the federal Supplemental Nutrition Assistance Program in effect on August 21, 1996, but he or she is not eligible for federal Supplemental Nutrition Assistance Program benefits solely due to his or her immigration status under Public Law 104-193 and any subsequent amendments thereto.

(2) Noncitizens of the United States shall be eligible for the program established pursuant to subdivision (a) if the person is a battered immigrant spouse or child or the parent or child of the battered immigrant, as described in Section 1641(c) of Title 8 of the United States Code, as amended by Section 5571 of Public Law 105-33, or if the person is a Cuban or Haitian entrant as described in Section 501(e) of the federal Refugee Education Assistance Act of 1980 (Public Law 96-122).

(3) An applicant who is otherwise eligible for the program but who entered the United States on or after August 22, 1996, shall be eligible for aid under this chapter only if he or she is sponsored and one of the following apply:

(A) The sponsor has died.

(B) The sponsor is disabled as defined in subparagraph (A) of paragraph (3) of subdivision (b) of Section 11320.3.

(C) The applicant, after entry into the United States, is a victim of abuse by the sponsor or the spouse of the sponsor if the spouse is living with the sponsor.

(4) An applicant who is otherwise eligible for the program but who entered the United States on or after August 22, 1996, who does not meet one of the conditions of paragraph (3), shall be eligible for aid under this chapter beginning on October 1, 1999.

(5) The applicant shall be required to provide verification that one of the conditions of subparagraph (A), (B), or (C) has been met.

(6) For purposes of subparagraph (C) of paragraph (2), abuse shall be defined in the same manner as provided in Section 11495.1 and Section 11495.12. A sworn statement of abuse by a victim, or the representative of the victim if the victim is not able to competently swear, shall be sufficient to establish abuse if one or more additional items of evidence of abuse is also provided. Additional evidence may include, but is not limited to, the following:

(A) Police, government agency, or court records or files.

(B) Documentation from a domestic violence program, legal, clinical, medical, or other professional from whom the applicant or recipient has sought assistance in dealing with abuse.

(C) A statement from any other individual with knowledge of the circumstances that provided the basis for the claim.

(D) Physical evidence of abuse.

(7) If the victim cannot provide additional evidence of abuse, then the sworn statement shall be sufficient if the county makes a determination documented in writing in the case file that the applicant is credible.

(c) In counties approved for alternate benefit issuance systems, that same alternate benefit issuance system shall be approved for the program established by this chapter.

(d) (1) To the extent allowed by federal law, the income, resources, and deductible expenses of those persons described in subdivision (b) shall be excluded when calculating CalFresh benefits under Chapter 10 (commencing with Section 18900).

(2) No household shall receive more CalFresh benefits under this section than it would if no household member was rendered ineligible pursuant to Title IV of Public Law 104-193 and any subsequent amendments thereto.

(e) This section shall become operative on September 1, 1998.

SEC. 96. Section 18931 of the Welfare and Institutions Code is amended to read:

18931. Any person who is eligible for federally funded Supplemental Nutrition Assistance Program benefits, administered in California as CalFresh benefits, shall not be eligible for assistance under this chapter.

SEC. 97. Section 18955 of the Welfare and Institutions Code is amended to read:

18955. In the exercise of its authority under Section 18954 the office shall develop plans to fulfill the requirements of any federal act providing for the establishment and maintenance of pilot projects for the prevention, identification, and treatment of child abuse to facilitate the receipt and allocation of federal funds for planning, research, demonstration and special project grants. The office shall submit its recommendations concerning applications for federal funds to the California Health and Human Services Agency to be forwarded to the appropriate federal agency.

SEC. 98. Section 18986.20 of the Welfare and Institutions Code is amended to read:

18986.20. (a) Any county that wishes to participate under this chapter and that develops a three-year program of coordinated children's services pursuant to Section 18986.15, may, as a part of its plan, request a waiver of existing state regulations pertaining to requirements which hinder coordination of children's services. The county may also request authorization to enter into a negotiated contract which enables the repositioning and reallocation of existing resources to facilitate integrated case management and coordination among participating agencies.

(b) Requests for waivers or negotiated contracts shall be submitted in writing, with a detailed description of the county's plan for coordinated children's services and a detailed description of the need for the waiver or negotiated contract to the Secretary of California Health and Human Services, the Superintendent of Public Instruction, the Attorney General, the Secretary of the Youth and Adult Correctional Agency, and the Secretary of Child Development and Education. Requests for negotiated contracts shall also be submitted to the Department of Finance.

SEC. 99. Section 18986.24 of the Welfare and Institutions Code is amended to read:

18986.24. The Secretary of Child Development and Education, the Secretary of California Health and Human Services, the Superintendent of Public Instruction, the Attorney General, or the Secretary of the Youth and Adult Correctional Agency shall notify the appropriate policy committees and fiscal committees of the Legislature no later than 30 days before any waiver or negotiated contract granted pursuant to this article take effect.

SEC. 100. Section 18988 of the Welfare and Institutions Code is amended to read:

18988. (a) In order to ensure maximum flexibility in providing adult social services programs administered by the State Department of Social Services, including, but not limited to, In-Home Supportive Services and adult protective services, and that are impacted by the realignment of state and county services by the act that added this chapter, a county may submit to the Director of Social Services a request to waive existing state regulations which hinder the coordination and provision of services.

(b) Any county may appeal any negative decision regarding a requested waiver of state regulations submitted pursuant to subdivision (a) that is made by the Director of Social Services to the Secretary of California Health and Human Services.

SEC. 101. Section 18993.3 of the Welfare and Institutions Code is amended to read:

18993.3. (a) An advisory committee of 10 members shall be appointed to advise and consult with the department regarding the Community Challenge Grant Program in the following areas:

- (1) The broad goals of the program.
- (2) Effective strategies for implementing the program.
- (3) Elements of evaluating the effectiveness of the program grantees.
- (4) Strategies for engaging nongovernmental resources and expertise in the implementation and success of the program.

(b) Six members shall be appointed by the Secretary of California Health and Human Services, two members by the Speaker of the Assembly, and two members by the Senate Committee on Rules.

(c) The advisory committee shall reflect a broad constituency and multidisciplinary approach to the problem of teenage and unwed pregnancy, including persons that represent corporations and foundations, the religious community, parents, teenagers, the education and academic community, community-based organizations, and public health organizations.

SEC. 102. Section 19001 of the Welfare and Institutions Code is amended to read:

19001. There is in the California Health and Human Services Agency the Department of Rehabilitation.

SEC. 103. Any section of any act enacted by the Legislature during the 2011 calendar year that takes effect on or before January 1, 2012, and that amends, amends and renumbers, adds, repeals and adds, or repeals a section that is amended, amended and renumbered, repealed and added, or repealed

by this act, shall prevail over this act, whether that act is enacted prior to, or subsequent to, the enactment of this act, except that this act shall prevail over any section enacted by Chapter 8 of the Statutes of 2011 or Chapter 15 of the Statutes of 2011.

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