

AMENDED IN ASSEMBLY FEBRUARY 22, 2016

**SENATE BILL**

**No. 86**

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**Introduced by Committee on Budget and Fiscal Review**

January 9, 2015

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*An act relating to the Budget Act of 2015. An act to amend the Budget Act of 2015 (Chapters 10 and 11 of the Statutes of 2015), by amending Item 6440-001-0001 of, and adding Items 2660-013-0001, 3970-001-0001, and 9651-001-0001 to, Section 2.00 of, and amending Section 39.00 of, that act, relating to the state budget, and making an appropriation therefor, to take effect immediately, budget bill.*

LEGISLATIVE COUNSEL'S DIGEST

SB 86, as amended, Committee on Budget and Fiscal Review. Budget Act of 2015.

*The Budget Act of 2015 appropriated specified amounts for the support of state government for the 2015–16 fiscal year.*

*This bill would amend the Budget Act of 2015 by adding and amending items of appropriation.*

*This bill would declare that it is to take effect immediately as a Budget Bill.*

*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2015.*

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

- 1 *SECTION 1. Item 2660-013-0001 is added to Section 2.00 of*
- 2 *the Budget Act of 2015, to read:*

1 2660-013-0001—For transfer by the Controller from the  
 2 General Fund, to the Traffic Congestion Relief Fund,  
 3 upon order of the Director of Finance ..... (173,000,000)

4 Provisions:

5 1. Notwithstanding existing law, these funds shall be  
 6 transferred and allocated by the Director of Finance  
 7 no later than January 1, 2017, and will affect the  
 8 General Fund reserve in the fiscal year the transfer  
 9 is made. Funds shall be allocated as follows:

- 10 (a) \$148,000,000 for specified local Traffic Conges-  
 11 tion Relief Program projects.
- 12 (b) \$11,000,000 for trade corridor improvements.
- 13 (c) \$9,000,000 for the Transit and Intercity Rail  
 14 Capital Program.
- 15 (d) \$5,000,000 for the State Highway Operations and  
 16 Protection Program.

17 2. Notwithstanding any other law, this amount shall be  
 18 repaid from the General Fund pursuant to subdivision  
 19 (c) of Section 20 of Article XVI of the California  
 20 Constitution and applied to debt payments as required  
 21 for the 2016-17 fiscal year.

22  
 23 SEC. 2. Item 3970-001-0001 is added to Section 2.00 of the  
 24 Budget Act of 2015, to read:

25  
 26 3970-001-0001—For support of Department of Resources Re-  
 27 cycling and Recovery ..... 105,000,000

28 Schedule:

- 29 (1) 3700-Waste Reduction and Manage-  
 30 ment..... 105,000,000

31 Provisions:

32 1. The funds appropriated in Schedule (1) shall be made  
 33 available for fire recovery and debris removal and  
 34 management costs to mitigate the threat to lives, public  
 35 health, safety, and the environment.

1 2. *Notwithstanding any other law, upon request of the*  
 2 *Director of the Department of Resources Recycling*  
 3 *and Recovery, the Director of Finance may augment*  
 4 *the amount available for expenditure in this item to*  
 5 *pay for fire debris removal and management costs to*  
 6 *mitigate the threat to lives, public health, safety, and*  
 7 *the environment. The augmentation may be made no*  
 8 *sooner than 10 days after notification in writing to the*  
 9 *chairpersons of the committees in each house of the*  
 10 *Legislature that consider appropriations and the*  
 11 *Chairperson of the Joint Legislative Budget Commit-*  
 12 *tee. The amount of funds augmented pursuant to the*  
 13 *authority of this provision shall be consistent with the*  
 14 *amount approved by the Director of Finance based*  
 15 *on review of the estimated costs.*

16  
 17 *SEC. 3. Item 6440-001-0001 of Section 2.00 of the Budget Act*  
 18 *of 2015 is amended to read:*

19  
 20 6440-001-0001—For support of University of California..... 3,056,138,000  
 21 3,057,993,000

22 Schedule:  
 23 (1) 5440-Support..... 3,056,138,000  
 24 3,057,993,000

- 25 Provisions:  
 26 1. This appropriation is exempt from Sections 6.00 and  
 27 31.00.  
 28 2. (a) The Legislature finds and declares all of the fol-  
 29 lowing:  
 30 (1) The Regents of the University of California  
 31 endorsed, on May 21, 2015, the framework  
 32 for long-term funding agreed upon by the  
 33 Governor and the President of the University,  
 34 pursuant to which tuition will not increase in  
 35 the 2015–16 and 2016–17 academic years  
 36 and the university will implement reforms to  
 37 reduce the cost structure of the university and  
 38 improve access, quality, and outcomes.  
 39 (2) The reforms included in the framework en-  
 40 dorsed by the Regents will create capacity

1 for all campuses of the university to serve  
 2 more resident students, including by easing  
 3 transfer from the community colleges, reduc-  
 4 ing the amount of time it takes students to  
 5 complete programs, and using technology  
 6 and data to improve allocation of available  
 7 resources.

8 (3) In addition to the funds included in this ap-  
 9 propriation and those described in the  
 10 framework, other funds, including existing  
 11 resources that can be redirected to higher  
 12 priorities, such as those currently being used  
 13 to provide financial aid to nonresident stu-  
 14 dents, are also available to enable more resi-  
 15 dent students to enter the university at all of  
 16 its campuses.

17 (4) Furthermore, it is the intent of the Legislature  
 18 that those funds generated by an increase in  
 19 the number of nonresident students enrolled  
 20 in the 2015–16 academic year, compared to  
 21 the number of nonresident students enrolled  
 22 in the 2014–15 academic year, and increases  
 23 in nonresident supplemental tuition, as ap-  
 24 proved by the Regents on May 21, 2015, be  
 25 used specifically to support an increase in the  
 26 number of resident students enrolled.

27 (b) To address immediate needs, the university is  
 28 expected to enroll, no later than the 2016–17  
 29 academic year, at least 5,000 more resident under-  
 30 graduate students than the number enrolled in the  
 31 2014–15 academic year.

32 (c) If the Regents provide sufficient evidence to the  
 33 Director of Finance on or before May 1, 2016, to  
 34 demonstrate that the university will satisfy the  
 35 expectation enumerated in subdivision (b), the  
 36 Director of Finance shall increase this appropria-  
 37 tion by \$25,000,000 and notify the Joint Legisla-  
 38 tive Budget Committee.

39 2.1. No later than April 1, 2016, the Regents of the Univer-  
 40 sity of California shall report to the Director of Finance

1 and, in conformity with Section 9795 of the Govern-  
2 ment Code, to the Legislature on its use of these funds  
3 for targeted support services to increase systemwide  
4 and campus four-year and six-year graduation rates  
5 and two-year and three-year transfer graduation rates  
6 of low-income and underrepresented student popula-  
7 tions.

8 2.2. The Regents of the University of California shall im-  
9 prove transparency regarding the university's budget.  
10 The Regents shall ensure that information is posted  
11 on the website of the Office of the President that de-  
12 tails subcategories of personnel within the Managers  
13 and Senior Professional personnel category and disag-  
14 gregates all personnel categories by fund source.

15 2.3. No later than December 10, 2015, the Regents of the  
16 University of California shall report to the Director of  
17 Finance and, in conformity with Section 9795 of the  
18 Government Code, to the Legislature, all of the follow-  
19 ing:

- 20 (a) All university fund sources legally allowable to  
21 support costs for undergraduate, graduate academ-  
22 ic, and graduate professional education.
- 23 (b) The factors the university considers to determine  
24 which funds to use for educational activities and  
25 how much of those funds to use.
- 26 (c) The sources of the funds included in the calcula-  
27 tion of expenditures reported pursuant to Section  
28 92670 of the Education Code.

29 2.4. (a) The Regents of the University of California shall  
30 implement further measures to reduce the univer-  
31 sity's cost structure.

32 (b) The Legislature finds and declares that many state  
33 employees hold positions with comparable scope  
34 of responsibilities, complexity, breadth of job  
35 functions, experience requirements, and other  
36 relevant factors to those employees designated to  
37 be in the Senior Management Group pursuant to  
38 existing Regents policy.

39 (c) (1) Therefore, at a minimum, the Regents shall,  
40 when considering compensation for any em-

- 1                   employee designated to be in the Senior Manage-
- 2                   ment Group, use a market reference zone that
- 3                   includes state employees.
- 4           (2) At a minimum, the Regents shall identify all
- 5           comparable positions from the lists included
- 6           in subdivision (l) of Section 8 of Article III
- 7           of the California Constitution and Article 1
- 8           (commencing with Section 11550) of Chapter
- 9           6 of Part 1 of Division 3 of Title 2 of the
- 10           Government Code.
- 11   3. (a) The Regents of the University of California shall
- 12       approve a plan that includes at least all of the
- 13       following:
- 14       (1) Projections of available resources in the
- 15           2016–17, 2017–18, and 2018–19 fiscal years.
- 16           In projecting General Fund appropriations
- 17           and student tuition and fee revenues, the
- 18           university shall use any assumptions provided
- 19           by the Department of Finance. The Depart-
- 20           ment of Finance shall provide any assump-
- 21           tions no later than August 1, 2015.
- 22       (2) Projections of expenditures in the 2016–17,
- 23           2017–18, and 2018–19 fiscal years and de-
- 24           scriptions of any changes to current opera-
- 25           tions necessary to ensure that expenditures
- 26           in each of those years are not greater than the
- 27           available resources projected for each of
- 28           those years pursuant to paragraph (1).
- 29       (3) Projections of resident and nonresident enroll-
- 30           ment in the 2016–17, 2017–18, and 2018–19
- 31           academic years, assuming implementation
- 32           of any changes described in paragraph (2).
- 33       (4) The university’s goals for each of the mea-
- 34           sures listed in subdivision (b) of Section
- 35           92675 of the Education Code for the
- 36           2016–17, 2017–18, and 2018–19 academic
- 37           years, assuming implementation of any
- 38           changes described in paragraph (2). It is the
- 39           intent of the Legislature that these goals be
- 40           challenging and quantifiable, address

1 achievement gaps for underrepresented pop-  
2 ulations, and align the educational attainment  
3 of California’s adult population to the work-  
4 force and economic needs of the state, pur-  
5 suant to the legislative intent expressed in  
6 Section 66010.93 of the Education Code.

7 (b) The plan approved pursuant to subdivision (a)  
8 shall be submitted no later than November 30,  
9 2015, to the Director of Finance, the chairpersons  
10 of the committees in each house of the Legislature  
11 that consider the State Budget, the chairpersons  
12 of the budget subcommittees in each house of the  
13 Legislature that consider appropriations for the  
14 University of California, the chairpersons of the  
15 committees in each house of the Legislature that  
16 consider appropriations, and the chairpersons of  
17 the policy committees in each house of the Legis-  
18 lature with jurisdiction over bills relating to the  
19 university.

20 4. (a) The University of California shall allocate from  
21 this appropriation the amount necessary to pay in  
22 full the fees anticipated to become due and  
23 payable during the fiscal year associated with  
24 lease-revenue bonds issued by the State Public  
25 Works Board on its behalf and the amount of  
26 general obligation bond debt service attributable  
27 to the university.

28 (b) The Controller shall transfer funds from this ap-  
29 propriation upon receipt of the following reports:

30 (1) The State Public Works Board shall report  
31 to the Controller the fees anticipated to be-  
32 come due and payable in the fiscal year asso-  
33 ciated with any lease-revenue bonds that were  
34 issued on behalf of the university.

35 (2) The Department of Finance shall report to  
36 the Controller the amount of general obliga-  
37 tion bond debt service anticipated to become  
38 due and payable in the fiscal year attributable  
39 to the university.

- 1                   (3) The State Public Works Board or the Depart-  
 2                   ment of Finance shall submit a revised report  
 3                   if either entity determines that an amount  
 4                   previously reported to the Controller is inac-  
 5                   curate. If necessary pursuant to any revised  
 6                   reports, the Controller shall return funds to  
 7                   this appropriation.
- 8                   4.5. Of the funds appropriated in this item:
- 9                   (a) \$6,000,000 shall be allocated to the centers for  
 10                   labor research and education at the Berkeley and  
 11                   Los Angeles campuses.
- 12
- 13
- 14                   (b) \$1,000,000 shall be allocated to the Wildlife  
 15                   Health Center at the Davis campus and used for  
 16                   grants to local marine mammal stranding net-  
 17                   works. These funds are provided on a one-time  
 18                   basis.
- 19                   (c) \$770,000 shall be allocated for the Statewide  
 20                   Database.
- 21                   (d) *\$1,855,000 shall be allocated for the San Joaquin*  
 22                   *Valley Medical Program. The program shall en-*  
 23                   *roll 48 students. These funds shall be available*  
 24                   *for expenditure through June 30, 2017.*
- 25                   4.6. The University of California shall continue planning  
 26                   for a School of Medicine at the Merced campus in  
 27                   accordance with the action approved by the Regents  
 28                   of the University of California on May 14, 2008, and  
 29                   shall allocate up to \$1,000,000 from this appropriation  
 30                   or other funds available to the university for this pur-  
 31                   pose.
- 32                   4.7. This item includes funds for the California DREAM  
 33                   Loan Program.
- 34                   5. Payments made by the state to the University of Cali-  
 35                   fornia for each month from July through April shall  
 36                   not exceed one-twelfth of the amount appropriated in  
 37                   this item, less the amount that is specified in Provision  
 38                   2 and the amount that is allocated pursuant to subdivi-  
 39                   sion (a) of Provision 4. Transfers of funds pursuant to



subdivision (b) of Provision 4 shall not be considered payments made by the state to the university.

- 6. The funds appropriated in this item shall not be available to support auxiliary enterprises or intercollegiate athletic programs.

*SEC. 4. Item 9651-001-0001 is added to Section 2.00 of the Budget Act of 2015, to read:*

*9651-001-0001—For support of Prefunding of Health and Dental Benefits for Annuitants ..... 240,000,000*

*Schedule:*

*(1) 7755—Prefunding Health and Dental*

*Benefits..... 240,000,000*

*Provisions:*

- 1. *The amount appropriated in this item is to supplement, and not supplant, funding that would otherwise be made available to pay for the employer share of pre-funding health and dental benefits identified in memoranda of understanding, or for employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.*
- 2. *No later than November 1, 2016, the Director of Finance shall certify the memoranda of understanding that include employer and employee contributions for prefunding health and dental benefits, and have been approved by the Legislature and the bargaining unit membership. Upon certification, the Director of Finance shall determine the proportionate share of this appropriation based on the actuarially determined liabilities of other postemployment benefits for each bargaining unit included in the certification, and notify the Controller's office, which shall provide the amount specified by the Director of Finance to the designated state subaccount of the Annuitants' Health Care Coverage Fund, as defined in Section 22940 of the Government Code.*
- 3. *This appropriation is available for expenditure or encumbrance until June 30, 2017.*

1

2 *SEC. 5. Section 39.00 of the Budget Act of 2015 is amended*  
3 *to read:*

4 SEC. 39.00. The Legislature hereby finds and declares that the  
5 following bills are other bills providing for appropriations related  
6 to the Budget Bill within the meaning of subdivision (e) of Section  
7 12 of Article IV of the California Constitution: AB 94, AB 95, AB  
8 104, AB 105, AB 106, AB 107, AB 108, AB 109, AB 110, AB  
9 111, AB 112, AB 113, AB 114, AB 115, AB 116, AB 117, AB  
10 118, AB 119, AB 120, AB 121, AB 122, AB 123, AB 124, AB  
11 125, AB 127, AB 128, AB 129, AB 130, AB 131, AB 132, AB  
12 133, AB 134, AB 135, AB 136, AB 137, AB 138, SB 70, SB 71,  
13 SB 72, SB 73, SB 74, SB 75, SB 76, SB 77, SB 78, SB 79, SB 80,  
14 SB 81, SB 82, SB 83, SB 84, SB 85, ~~SB 86~~, SB 87, SB 88, SB 89,  
15 SB 90, SB 91, SB 92, SB 93, SB 94, SB 95, SB 96, SB 98, SB 99,  
16 SB 100, SB 102, SB 103, SB 104, SB 105, SB 106, SB 107, SB  
17 108, and SB 109, in the form that these bills existed at the time  
18 that the act amending this section of the Budget Act of 2015 took  
19 effect.

20 *SEC. 6. This act is a Budget Bill within the meaning of*  
21 *subdivision (c) of Section 12 of Article IV of the California*  
22 *Constitution and shall take effect immediately.*

23 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
24 ~~changes relating to the Budget Act of 2015.~~

O