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An act to amend Section 11011 of, and to add Section 11011.1 to, the Welfare and Institutions Code, relating to budget reserves.



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

SECTION 1. Section 11011 of the Welfare and Institutions Code is amended to read:

11011. (a) (1) ~~(A)~~ The Safety Net Reserve Fund is hereby established in the State Treasury. The Medi-Cal Subaccount and the CalWORKs Subaccount are hereby created within the Safety Net Reserve Fund.

(B) On and after the effective date of the act adding this subparagraph, the Medi-Cal Subaccount and the CalWORKs Subaccount established pursuant to subparagraph (A) are hereby abolished and the balances remaining in those subaccounts shall be transferred to the Safety Net Reserve Fund.

(2) Notwithstanding any other law, the Controller may use the funds in the Safety Net Reserve Fund ~~and the Medi-Cal and CalWORKs subaccounts~~ for cash flow loans to the General Fund as provided in Sections 16310 and 16381 of the Government Code.

~~(b) (1) The Department of Finance, in consultation with the State Department of Social Services, the State Department of Health Care Services, and the Legislative Analyst's Office, shall establish both of the following:~~

~~(A) A methodology to calculate savings attributable to caseload and cost per case for the purpose of funding the subaccounts.~~

~~(B) A process for the distribution of funds.~~

~~(2) On or before May 1, 2019, and during the annual budget process, the Department of Finance, in consultation with the Legislative Analyst's Office, shall present to the Legislature information related to the methodology and the distribution process, as described in paragraph (1).~~

~~(3) It is the intent of the Legislature to codify in future legislation the final methodology and distribution process:~~

~~(c)~~

~~(b) Upon the enactment of the 2018 Budget Act, upon order of the Director of the Department of Finance, the Controller shall transfer two hundred million dollars (\$200,000,000) from the General Fund to the CalWORKs Subaccount. Upon appropriation by the Legislature, the Safety Net Reserve Fund and the Medi-Cal and CalWORKs subaccounts shall be utilized for the purposes of maintaining existing program benefits and services for the Medi-Cal and CalWORKs programs during economic downturns when caseload and cost per case related to these programs increase and state revenues decline.~~

(c) Upon appropriation by the Legislature, the Safety Net Reserve Fund shall be utilized for the purpose of maintaining existing program benefits and services for the Medi-Cal and CalWORKs programs during economic downturns when caseloads and costs per case related to these programs increase and state revenues decline.

SEC. 2. Section 11011.1 is added to the Welfare and Institutions Code, to read:

11011.1. For the 2018–19 fiscal year, upon order of the Director of Finance, the controller shall transfer seven hundred million dollars (\$700,000,000) from the General Fund to the Safety Net Reserve Fund.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No.  
as introduced, \_\_\_\_\_.  
General Subject: Safety Net Reserve Fund.

Existing law establishes the Safety Net Reserve Fund in the State Treasury, and creates within the Safety Net Reserve Fund a Medi-Cal Subaccount and a CalWORKs Subaccount. Existing law requires that fund and those subaccounts to be utilized, upon appropriation, for the purpose of maintaining existing program benefits and services for the Medi-Cal and CalWORKs programs during economic downturns, as specified. Existing law imposes upon the Department of Finance specified duties related to these subaccounts.

This bill would abolish the Medi-Cal Subaccount and the CalWORKs Subaccount, transfer the balances remaining in those subaccounts to the Safety Net Reserve Fund, and eliminate the related duties imposed upon the Department of Finance. The bill would require, for the 2018–19 fiscal year, upon order of the Director of Finance, the Controller to transfer \$700,000,000 from the General Fund to the Safety Net Reserve Fund. The bill would also make conforming changes.

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

