



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 8120-001-0268, 8120-011-0268, 8120-101-0268, Support and Local Assistance, Commission on Peace Officer Standards and Training

Update to the Commission on Peace Officer Standards and Training Reduction Plan (Issue 300)—It is requested that Item 8120-001-0268 be increased by \$4,443,000 and 31.9 positions, Item 8120-011-0268 be decreased by \$1,943,000, and Item 8120-101-0268 be decreased by \$2.5 million to provide a more equitable approach to the ongoing reduction of \$5.2 million included in the Governor's Budget. The \$5.2 million reduction will be achieved by reducing administrative costs (\$800,000); slightly increasing the reduction of contracted, non-mandated training courses (\$1.9 million) sustained in the current year; and continuing the suspension of reimbursements for local law enforcement to backfill behind officers participating in training (\$2.5 million). The proposed reduction is a continuation of existing reductions and should not further impact the current training services offered to local law enforcement.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Clint Kellum, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Reginald Byron Jones-Sawyer, Sr., Chair, Assembly Budget Subcommittee No. 5
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Bob Stresak, Executive Director, Commission on Peace Officer Standards and Training
Ms. Stephanie Scofield, Assistant Executive Director, Administrative Services Division,
Commission on Peace Officer Standards and Training



MAY 14 2015

Honorable Mark Leno, Chair
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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8260-001-0001, Support, and Addition of
Item 8260-101-0001, Local Assistance, California Arts Council**

California Arts Council (Issue 002)—It is requested that Item 8260-001-0001 be increased by \$100,000 to provide for staff overtime and expert panel review of grant applications. It is requested that Item 8260-101-0001 be added in the amount of \$4.9 million to provide funding for grants to local arts organizations. These funds will be used in the program areas of Economic and Community Development, Arts Education, Cultural and Community Engagement, and the Creative Economy.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Jeff Carosone, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

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Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
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Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Craig Watson, Director, California Arts Council
Mr. Scott Heckes, Deputy Director, California Arts Council
Mr. Ian Branaman, Operations and Budget Officer, California Arts Council



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Item 8940-301-0001, and Addition of Item 8940-301-0890,
Capital Outlay, California Military Department**

It is requested that Item 8940-301-0001 be increased by \$4,501,000, and Item 8940-301-0890 be added in the amount of \$4,501,000, for the following projects for the California Military Department:

- Sustainable Armory Renovation Program—\$3,645,000. This funding is for preliminary plans, working drawings, and construction for three armory renovation projects. Over 77 percent of the state's 115 armories are over 50 years old, are structurally deficient, and do not meet current access, training, or equipment requirements. This proposal would address structural deficiencies at the San Bernardino, Ontario, and Bakersfield Armories. The proposal also includes provisional language to allow the appropriations to be available for encumbrance until June 30, 2018 (see Attachments 1 and 2).
- San Diego Readiness Center Renovation Project—\$856,000. This funding is for preliminary plans and working drawings for the expansion and renovation of the San Diego Readiness Center. The San Diego Readiness Center, constructed in 1955, is severely undersized and has numerous structural and space deficiencies. The renovation and expansion of this facility will address the current shortage of training, classroom, and administrative space and will correct the structural deficiencies, address code compliance issues, and will enhance unit readiness (see Attachments 1 and 2).

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Sally Lukenbill, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER

Chief Deputy Director

Attachment

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Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Reginald Byron Jones-Sawyer, Sr., Chair, Assembly Budget Subcommittee No. 5
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Colonel Darrin Bender, Director of Government Affairs, California Military Department
Colonel Ron Vestman, Comptroller, California Military Department

ATTACHMENT 1

"8940-301-0001—For capital outlay, Military Department
8,961,00013,462,000

Schedule:

- (1) 0000705-California Military Department, Sacramento:
 Advance Planning and Studies.....130,000
- (2) 0000615-California Military Department, Sacramento:
 Consolidated Headquarters Complex—
 Acquisition.....8,831,000
- (3) 0000759-Sustainable Armory Renovation Program:
 San Bernardino—preliminary plans, working drawings,
 and construction.....1,640,000
- (4) 0000760-Sustainable Armory Renovation Program:
 Ontario—preliminary plans, working drawings, and
 construction.....1,094,000
- (5) 0000761-Sustainable Armory Renovation Program:
 Bakersfield—preliminary plans, working drawings, and
 construction.....911,000
- (6) 0000703-San Diego Readiness Center Renovation—
 preliminary plans and working drawings.....856,000

Provisions:

- 1. Funds appropriated in Schedule (1) of this item are available for expenditure by the Military Department upon approval of the Department of Finance to be used to develop design and cost information for new projects, for which funds have not been appropriated previously, but which are anticipated to be included in the Governor's Budget for the 2016-17 or 2017-18 fiscal year.
- 2. Funds appropriated in Schedule (1) will be matched by \$130,000 in federal funds. These federal funds do not flow through the Treasury of the State of California because they are paid by the Department of Defense directly to the Military Department. Thus, the federal contribution to design and cost information will not be reflected in the Budget Act.
- 3. Notwithstanding any other provision of law, the funds appropriated in Schedules (3), (4) and (5) shall be available for encumbrance until June 30, 2018."

**ATTACHMENT 2
NEW ITEM**

8940-301-0890—For capital outlay, Military Department,
payable from the Federal Trust Fund4,501,000

Schedule:

- (1) 0000759-Sustainable Armory Renovation Program:
San Bernardino—preliminary plans, working drawings,
and construction.....1,640,000
- (2) 0000760-Sustainable Armory Renovation Program:
Ontario—preliminary plans, working drawings, and
construction.....1,094,000
- (3) 0000761-Sustainable Armory Renovation Program:
Bakersfield—preliminary plans, working drawings, and
construction.....911,000
- (4) 0000703-San Diego Readiness Center Renovation—
preliminary plans and working drawings.....856,000

Provisions:

- 1. Notwithstanding any other provision of law, the funds appropriated in Schedule (1), (2) and (3) shall be available for encumbrance until June 30, 2018.



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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 8955-001-0001, Support, Department of Veterans Affairs

Delayed Activation of Units at the Greater Los Angeles and Ventura County Veterans Home of California (VHC)—It is requested that Item 8955-001-0001 be decreased by \$10,415,000 in fiscal year 2015-16 to reflect the delayed activation of skilled nursing facility beds at the VHC-West Los Angeles and delayed opening of community based adult services in VHC-Lancaster and VHC-Ventura.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call John Fitzpatrick, Principal Program Budget Analyst, at (916) 916-445-8913.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: On following page

MAY 14 2015

-2-

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Debbie Endsley, Acting Secretary, California Department of Veterans Affairs
Ms. Diane Vanderpot, Undersecretary, Veterans Homes, California Department of Veterans Affairs
Ms. Sue Kane, Deputy Secretary, Administrative Services, California Department of Veterans Affairs
Mr. Coby Petersen, Deputy Secretary, Veterans Homes, California Department of Veterans Affairs
Ms. Patty Ingram, Budget Officer, California Department of Veterans Affairs



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Eliminate Budget Bill Item 9210-110-0001, Local Assistance, Local Government Financing

It is requested that Item 9210-110-0001 be eliminated from the Budget Bill and instead be included in the redevelopment agency dissolution trailer bill. The May Revision includes amendments to the redevelopment agency dissolution trailer bill proposed in the Governor's Budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Chris Hill, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN

Director

By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

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Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to General Obligation Bond Debt Service

General Obligation Bonds (Issues 500 and 501)—The payment of General Obligation (GO) Bond debt service is a constitutional appropriation. Therefore, this letter is for informational purposes only.

The statewide GO Bond debt service cost for fiscal year 2014-15 is revised to \$6,405.9 billion (\$4,744.7 billion General Fund and \$1,661.2 billion other funds), a savings of \$88.3 million (an increase of \$35.3 million General Fund and a decrease of \$123.6 million other funds).

The savings are attributed to a lower amount of new bond issuance than estimated at the Governor's Budget, increased premium from spring bond sales, and refunding of bonds to achieve lower debt service costs. The 2014-15 GO Bond debt service includes \$193.2 million funded directly by the University of California (UC) and \$188.6 million by California State University (CSU) per statutory changes made in 2013 and 2014 respectively.

The statewide GO Bond debt service estimated cost for 2015-16 is revised to \$6,626.7 billion (\$4,817.2 billion General Fund and \$1,809.5 billion other funds), a decrease of \$271.8 million (a decrease of \$150.7 million General Fund and \$121.1 million other funds).

This decrease is attributed to lower estimated bond issuance, increased estimated premium on future bond sales, and the benefit of actual refunding of bonds that occurred this spring. The 2015-16 GO Bond debt service includes \$205.6 million funded directly by the UC and \$202.4 million by CSU in the 2015-16 proposed budget.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Andrea Scharffer, Principal Program Budget Analyst, at (916) 445-9694.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

cc: Honorable Ricardo Lara, Chair, Senate Appropriations Committee
Attention: Mr. Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Mr. Seren Taylor, Staff Director
Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable John Chiang, State Treasurer, State Treasurer's Office
Mr. Tim Schaefer, Deputy Treasurer, State Treasurer's Office
Mr. Blake Fowler, Director of Public Finance, State Treasurer's Office



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Items 9620-001-0001 and 9620-002-0001, Support, Cash Management and Budgetary Loans

It is requested that Item 9620-001-0001 for internal borrowing be decreased by \$5 million (from \$20 million to \$15 million) due to reduced cash flow borrowing needs. In addition, the General Fund external borrowing costs are being reduced by \$20 million to zero dollars in fiscal year 2015-16. It is projected that the General Fund will not require external borrowing to meet cash flow needs in 2015-16.

It is also requested that Item 9620-002-0001 be increased by \$20.1 million (from \$26.8 million to \$46.9 million) to reflect the latest budgetary loan repayment schedule.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Gregory Bruss, Principal Program Budget Analyst, at (916) 322-5540.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

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Honorable Jimmy Gomez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Melissa Melendez, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office



MAY 14 2015

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Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 9625-001-0001, Support, Interest Payments to the Federal Government

It is requested that Item 9625-001-0001 be decreased by \$7 million (from \$10 million to \$3 million) to reflect lower projected interest payments to the federal government. Interest rates used to calculate interest owed to the federal government remain very low.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Cindy Fung, Supervising Administrative Analyst, at (916) 445-3434 (ext. 2157).

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office



MAY 14 2015

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Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

Amendment to Budget Bill Item 9650-001-0001, Support, Health and Dental Benefits for Annuitants

It is requested that Item 9650-001-0001 be increased by \$21,514,000 General Fund to reflect projected medical (\$20,790,000) and dental (\$723,000) premium increases over projections made in the Governor's Budget.

The Governor's Budget projected 2016 health and dental premiums to increase 5.5 percent over 2015 rates. The May Revision includes an updated estimate that medical premiums will increase 8 percent, and dental premiums will increase 6.8 percent.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call Eric Stern, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

Attachment

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Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary for Fiscal Policy and Administration, California Government
Operations Agency
Ms. Rose McAuliffe, Chief, Financial Planning and Policy, California Public Employees' Retirement
System
Mr. Michael Siu, Budget Manager, California Public Employees' Retirement System



MAY 14 2015

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

Attention: Mr. Mark Ibele, Staff Director (2)

Honorable Shirley Weber, Chair
Assembly Budget Committee

Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 9800-001-0001, 9800-001-0494, and 9800-001-0988,
Support, Augmentation for Employee Compensation**

It is requested that Item 9800-001-0001 be increased by \$21,015,000, Item 9800-001-0494 be increased by \$9,023,000, and Item 9800-001-0988 be increased by \$4,445,000 to reflect revised health and dental premium rates, increased enrollment in health and dental plans, updated employment information for salary increases previously provided in the Governor's Budget, revised pay increases for Judges, updated information for salary increases for the California Highway Patrol (Bargaining Unit 5), and updated costs related to the California Department of Corrections and Rehabilitation On-Call and Call-Back addendum (Bargaining Unit 19). While these figures include revised health and dental premium rates, we note that final rates are not expected to be adopted by the California Public Employees' Retirement System Board until June 2015.

It is also requested that Items 9800-001-001, 9800-001-0494, and 9800-001-0988 be amended to include provisional language (see Attachment 1) relating to the existing Joint Legislative Budget Committee review process for side letters, appendices, or other addenda to a properly ratified memorandum of understanding. The proposed language will increase transparency, streamline processes, and provide flexibility to the Administration to implement addenda.

The effect of my requested action is reflected on the attachment.

If you have any questions or need additional information regarding this matter, please call David Munoz, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Keely M. Bosler

KEELY M. BOSLER
Chief Deputy Director

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Honorable Adrin Nazarian, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (4)
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Jennifer Osborn, Deputy Secretary for Fiscal Policy and Administration, Government
Operations Agency
Mr. Richard Gillihan, Director, Department of Human Resources
Ms. Katie Hagen, Deputy Director of Operations, Department of Human Resources
Ms. Pam Manwiller, Deputy Director of Labor Relations, Department of Human Resources
Mr. Anthony Crawford, Chief, Office of Financial Management and Economic Research,
Department of Human Resources
Mr. Dave Ide, Manager, Office of Financial Management and Economic Research, Department of
Human Resources

Attachment 1

Add Provisions 7 thru 10 to Item 9800-001-0001:

- “7. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance (Finance) shall provide written notification to the Joint Legislative Budget Committee (JLBC) regarding any expenditure of funds resulting from any side letter, appendix, or other addendum (collectively addendum) to a properly ratified memorandum of understanding (MOU). Addendum determined by Finance to have no fiscal impacts do not require JLBC notification, however, these shall be posted on the Department of Human Resources’ (CalHR) website pursuant to provision 10 of this section.
8. The notice shall include a copy of the addendum and a fiscal summary of any expenditure of funds resulting from the agreement in 2015-16 and future fiscal years. The notice shall indicate whether Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to paragraphs (A), (B), or (C) of this provision.

 - (A) An addendum to a properly ratified MOU may be implemented without legislative action not less than 30 calendar days after notice has been provided to the JLBC if all the following apply: (1) the agreement results in total net costs of less than \$1,000,000 (all funds) during the 2015-16 fiscal year; (2) any cost resulting from the agreement can be absorbed within the 2015-16 appropriation authority of impacted departments; and (3) the addendum does not present substantial additions that are reasonably outside the parameters of the original MOU.
 - (B) An addendum to a properly ratified MOU that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the JLBC if, during the legislative consideration of the 2015-16 Governor’s Budget, Finance identified to the Legislature that (1) the administration anticipated that the addendum would be signed during 2015-16 and (2) any costs resulting from the addendum are included in the 2015-16 Governor’s Budget or in another legislative vehicle.
 - (C) An addendum to a properly ratified MOU that results in any expenditure of funds requires legislative action prior to implementation if any of the following applies: (1) the agreement results in total net costs greater than \$1,000,000 (all funds) during the 2015-16 fiscal year; (2) the agreement results in costs that cannot be absorbed within the 2015-16 appropriation authority of impacted departments; or (3) the addendum presents substantial additions that are not reasonably within the parameters of the original MOU.
9. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified MOU that is implemented in 2015-16, pursuant to paragraph (A) of Provision (8) of this item, and requires the expenditure of funds beyond 2015-16 that was not approved as part of the 2015-16 Budget Act, must be approved by the Legislature as part of the 2016-17 Budget Act or through another legislative vehicle.
10. CalHR shall promptly post on its public website all signed addendum. The addendum shall be posted in its entirety along with the fiscal summary documents of the agreement.”

Add Provisions 8 thru 11 to Items 9800-001-0494 and 9800-001-0988:

8. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, the Department of Finance (Finance) shall provide written notification to the Joint Legislative Budget Committee (JLBC) regarding any expenditure of funds resulting from any side letter, appendix, or other addendum (collectively addendum) to a properly ratified memorandum of understanding (MOU). Addendum determined by Finance to have no fiscal impacts do not require JLBC notification, however, these shall be posted on the Department of Human Resources' (CalHR) website pursuant to provision 11 of this section.
9. The notice shall include a copy of the addendum and a fiscal summary of any expenditure of funds resulting from the agreement in 2015-16 and future fiscal years. The notice shall indicate whether Finance determines that an agreement does or does not require legislative action to ratify the addendum before implementation, pursuant to paragraphs (A), (B), or (C) of this provision.

 - (A) An addendum to a properly ratified MOU may be implemented without legislative action not less than 30 calendar days after notice has been provided to the JLBC if all the following apply: (1) the agreement results in total net costs of less than \$1,000,000 (all funds) during the 2015-16 fiscal year; (2) any cost resulting from the agreement can be absorbed within the 2015-16 appropriation authority of impacted departments; and (3) the addendum does not present substantial additions that are reasonably outside the parameters of the original MOU.
 - (B) An addendum to a properly ratified MOU that results in any expenditure of funds may be implemented not less than 30 calendar days after notice has been provided to the JLBC if, during the legislative consideration of the 2015-16 Governor's Budget, Finance identified to the Legislature that (1) the administration anticipated that the addendum would be signed during 2015-16 and (2) any costs resulting from the addendum are included in the 2015-16 Governor's Budget or in another legislative vehicle.
 - (C) An addendum to a properly ratified MOU that results in any expenditure of funds requires legislative action prior to implementation if any of the following applies: (1) the agreement results in total net costs greater than \$1,000,000 (all funds) during the 2015-16 fiscal year; (2) the agreement results in costs that cannot be absorbed within the 2015-16 appropriation authority of impacted departments; or (3) the addendum presents substantial additions that are not reasonably within the parameters of the original MOU.
10. Notwithstanding Sections 3517.6 and 3517.63 of the Government Code, any addendum to a properly ratified MOU that is implemented in 2015-16, pursuant to paragraph (A) of Provision (9) of this item, and requires the expenditure of funds beyond 2015-16 that was not approved as part of the 2015-16 Budget Act, must be approved by the Legislature as part of the 2016-17 Budget Act or through another legislative vehicle.
11. CalHR shall promptly post on its public website all signed addendum. The addendum shall be posted in its entirety along with the fiscal summary documents of the agreement."