



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

**Amendment to Budget Bill Items 8120-011-0001 and 8120-011-0268, Support,
Commission on Peace Officer Standards and Training**

Maintaining Peace Officer Training Programs (Issue 011)—It is requested that Item 8120-011-0001 be increased by \$3.5 million General Fund and Item 8120-011-0268 be decreased by \$3.5 million Peace Officers' Training Fund to close the projected Peace Officers' Training Fund shortfall based on updated revenue projections. This augmentation increases the General Fund proposed in the Governor's Budget to a total of \$16.5 million. This backfill is necessary to maintain critical local law enforcement training services.

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/ Amy M. Costa

AMY M. COSTA

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: Vacant, Appropriations Fiscal Director
Attention: Mr. Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
Honorable Nora Campos, 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. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Bob Stresak, Executive Director, Commission on Peace Officer Standards and Training
Mr. Dave Conejo, Assistant Executive Director, Commission on Peace Officer Standards and Training



May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 8260-001-0001 and Reimbursements, Support, California Arts Council

Arts-in-Corrections Program Expansion—It is requested that Item 8260-001-0001 be amended by increasing reimbursements by \$4 million and 2 positions. These funds, which are received from the California Department of Corrections and Rehabilitation, will expand the ongoing Arts-in-Corrections program into adult institutions where it is not yet operating.

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 Weiner, Finance Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
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/s/ Amy M. Costa

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Craig Watson, Director, California Arts Council
Ms. Ayanna Kiburi, Deputy Director, California Arts Council
Mr. Ian Branaman, Budget Officer, California Arts Council



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Honorable Phil Ting, Chair
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Attention: Mr. Christian Griffith, Chief Consultant (2)

**Amendment to Budget Bill Items 8570-001-0191, 8570-001-3237, and 8570-001-3288,
Support, California Department of Food and Agriculture**

Network of California Fairs Oversight (Issue 402)—It is requested that Item 8570-001-0191 be increased by \$435,000 and 2 positions to provide increased oversight of the network of California fairs through supervision of fair meetings, legal counsel, and management of deferred maintenance funds.

Alternative Fuels Quality and Oversight Program (Issue 403)—It is requested that Item 8570-001-3237 be increased by \$1,054,000 to support 5.8 existing, but unfunded, positions to establish and enforce quality standards for the growing market of alternative transportation fuels in order to provide consumer protections, facilitate economic growth, and reduce motor vehicle carbon emission.

Medical Marijuana Regulation Projects (Issue 401)—It is requested that Item 8570-001-3288 be increased by \$2 million to provide one-time funding associated with contract management and support services for an information technology system that will license medical marijuana cultivators and another system that will track medical marijuana from seed to sale. It is also requested that provisional language be added to this item to authorize a one-time augmentation to acquire and implement the systems. The resources requested will assist in meeting the January 1, 2018 systems implementation deadline required by the Medical Marijuana Regulation and Safety Act. Suggested Budget Bill language is attached (see Attachment 1).

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) 445-8913.

MICHAEL COHEN

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/s/ Amy M. Costa

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Honorable Lois Wolk, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
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. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Karen Ross, Secretary, Department of Food and Agriculture
Mr. Jim Houston, Undersecretary, Department of Food and Agriculture
Mr. Kevin Masuhara, Deputy Secretary of Administration and Finance, Department of Food and Agriculture
Ms. Kari Morrow, Director of Administrative Services, Department of Food and Agriculture
Ms. Jody Lusby, Assistant Director of Administrative Services, Department of Food and Agriculture
Mr. Nathan Johnson, Budget Officer, Department of Food and Agriculture

Add the following provision to Item 8570-001-3288:

1. The Director of Finance may augment this item by an amount not to exceed available funding in the Medical Marijuana Regulation and Safety Act Fund, after review of a request submitted by the California Department of Food and Agriculture that demonstrates a need for additional resources associated with the implementation of the Medical Marijuana Regulation and Safety Act. Any augmentation shall be authorized not sooner than 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.



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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 8660-001-0471, Support, and Item 8660-101-0471, Local Assistance, Public Utilities Commission

California Lifeline Program—It is requested that Item 8660-001-0471 be decreased by \$8,108,000 and Item 8660-101-0471 be decreased by \$134,275,000. These changes are necessary to align expenditure authority with the Public Utilities Commission's updated estimates for the program for fiscal year 2016-17.

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 Ellen Moratti, Principal Program Budget Analyst, at (916) 324-0043.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Tim Sullivan, Executive Director, Public Utilities Commission
Mr. Ryan Dulin, Deputy Executive Director, Public Utilities Commission
Ms. Audrey Kitzes, Fiscal and Budget Manager, Public Utilities Commission



May 13, 2016

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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 8885-295-0001, Local Assistance, Commission on State Mandates

It is requested that Item 8885-295-0001 be increased by \$626,000 and Schedule (1) of Item 8885-295-0001 be revised to authorize the funding for the following new mandate:

(xxx) Post Election Manual Tally
(California Code of Regulations, Title 2)

On July 24, 2015, the Commission on State Mandates adopted a statewide cost estimate (SCE) that must either be funded or suspended in accordance with Article XIII B, section 6 (b) (1) of the California Constitution. The SCE for this mandate totals \$625,288 for one-time costs incurred in between October 20, 2008 through November 28, 2008. There are no ongoing annual costs.

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 Mary Halterman, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
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. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Ms. Heather Halsey, Executive Director, Commission on State Mandates
Ms. Kathy Rios, Chief, Bureau of Payments, Accounting and Reporting Division, State Controller's Office



May 13, 2016

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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

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

California Transition Assistance Program (Issue 401)—It is requested that Item 8955-001-0001 be increased by \$813,000 to support 7 positions, of which 5 are existing but unfunded, that will implement a program to help veterans transition from military to civilian life. The program, established by Chapter 647, Statutes of 2014, will complement a similar federal program. Veterans will be provided with both a general curriculum and specialized curriculum in education, employment, and entrepreneurship, all of which will be offered online and in person throughout California.

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) 445-8913.

MICHAEL COHEN
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/s/ Amy M. Costa

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable Vito Imbasciani M.D., Secretary, Department of Veterans Affairs
Mr. Russell Atterberry, Undersecretary, Department of Veterans Affairs
Ms. Sherri Gustinell, Deputy Secretary, Administrative Services Division, Department of Veterans Affairs
Ms. Patty Ingrid, Budget Officer, Department of Veterans Affairs



May 13, 2016

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Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 9210-104-0001, Local Assistance, Local Government Financing

It is requested that Provision 1 of Item 9210-104-0001 be amended to reflect the scope the proposed grant program for transitional housing. This grant program will provide incentive payments to local communities that expand the supply of transitional housing and support services for offenders released from state prison or county jail.

Specific amendments are proposed in the following language:

"1. The amount appropriated in this item is to provide ~~incentive payments~~ grants to cities and/or counties that approve, ~~between January 1, 2016 and June 30, 2017,~~ new long-term permits, or their equivalent, for hard-to-site facilities that improve public safety and support the criminal justice system through the provision of services such as substance abuse treatment, mental health, and reentry programming."

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
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/s/ Amy M. Costa

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



May 13, 2016

Honorable Mark Leno, Chair
Senate Budget and Fiscal Review Committee

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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to Budget Bill Item 9285-101-0001, Local Assistance, Trial Court Security - Court Construction

Increased Security Costs for New Court Construction—It is requested that Item 9285-101-0001 be increased by \$2 million to provide additional resources to county sheriffs in the event court construction projects, occupied on or after October 9, 2011, modify or create building features that increase the overall trial court security costs. Trial Court Security was realigned from the state to counties through the 2011 Public Safety Realignment. Proposition 30, passed by the voters in 2012, requires the state to provide annual funding for newly required activities that have an overall effect of increasing county costs in this realigned program.

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 Joshua Gauger, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
Chief Deputy Director

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Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office



May 13, 2016

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Senate Budget and Fiscal Review Committee

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

Honorable Phil Ting, Chair
Assembly Budget Committee

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

Amendment to General Obligation Bond Debt Service

General Obligation Bonds (Issue 400)—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 2015-16 is revised to \$6,636.6 million (\$4,802.9 million General Fund and \$1,833.7 million other funds), a savings of \$63.9 million (a decrease of \$34.7 million General Fund and a decrease of \$29.2 million other funds).

The savings are attributed to a lower amount of new bond issuance than estimated at the Governor's Budget, increased premium received on spring bond sales, and refunding of bonds to achieve lower debt service costs. The 2015-16 GO Bond debt service includes \$203.7 million funded directly by the University of California (UC) and \$200.4 million by California State University (CSU) per statutory changes made in 2013 and 2014 respectively.

The statewide GO Bond debt service estimated cost for 2016-17 is revised to \$6,839.6 million (\$4,822.1 million General Fund and \$2,017.5 million other funds), a decrease of \$14.4 million (a decrease of \$28.1 million General Fund and an increase of \$13.7 million other funds).

This decrease is attributed to lower estimated bond issuance and the benefit of actual refunding of bonds that occurred this spring. The 2016-17 GO Bond debt service includes \$220.8 million funded directly by the UC and \$212.7 million by CSU in the 2016-17 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/ Amy M. Costa

AMY M. COSTA

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Mr. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
Mr. Jim Richardson, Policy and Fiscal Director, Assembly Republican Leader's Office
Honorable John Chiang, State Treasurer
Mr. Tim Schaefer, Deputy Treasurer, State Treasurer's Office
Mr. Blake Fowler, Director of Public Finance, State Treasurer's Office



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Honorable Phil Ting, Chair
Assembly Budget Committee

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

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

It is requested that Item 9620-002-0001 be reduced by \$18,599,000 (from \$63,665,000 to \$45,066,000) 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

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Amendment to Budget Bill Item 9658-011-0001, Support, Budget Stabilization Account

It is requested that Provision 1 of Item 9658-011-0001 be amended to reflect revised estimates to the 2016-17 Governor's Budget and to clarify the withdrawal rules of these funds.

Specific amendments are proposed in the following provisional language:

"1. Notwithstanding any other provision of law, the transfer in this item shall be first applied towards any transfers to the Budget Stabilization Account (BSA) required by Section 20 of Article XVI of the California Constitution for fiscal years 2015-16 and 2016-17, in excess of the sum (~~\$4,405,000,000~~\$3,107,000,000) projected in the revised estimates to the 2016-17 Governor's Budget. For the purposes of this provision, transfers to the BSA required by Section 20 of Article XVI of the California Constitution include the base transfer and the two subsequent true up transfers for both fiscal years. Section 22 of Article XVI of the California Constitution shall apply to funds transferred under this item."

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 Bill Steffenhagen, Assistant Program Budget Analyst, at (916) 445-5332.

MICHAEL COHEN

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/s/ Amy M. Costa

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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 and Control Section 3.61**

It is requested that Item 9800-001-0001 be increased by \$314,073,000, Item 9800-001-0494 be increased by \$32,345,000, and Item 9800-001-0988 be increased by \$15,931,000 to reflect 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 costs related to the salary survey estimates for the California Highway Patrol (Bargaining Unit 5), salary increases and benefit changes for state employees of the Judicial Branch and Commission on Judicial Performance, including justices and trial court judges, increases to salaries and revised benefits recently negotiated with Correctional Officers (Bargaining Unit 6) and Scientists (Bargaining Unit 10), pay increases related to minimum wage changes (Chapter 4, Statutes of 2016), and retention incentives for the Department of Developmental Services facilities in Fairview, Sonoma, and Porterville. While these figures include estimated health and dental premium rates, we note that final health and dental rates are not expected to be adopted by the California Public Employees' Retirement System Board until June 2016.

It is also requested that Control Section 3.61 be amended (see Attachment 1) to reflect additional employer contributions for prefunding other postemployment benefits based on a recent agreement that has been collectively bargained with Bargaining Unit 6 (Correctional Officers). In fiscal year 2016-17, the state will match Correctional Officer employees contributions of 1.3 percent effective July 1, 2016. Additionally, the Judicial Council has agreed to adopt the Administration's retiree health prefunding strategies. Therefore, state employees of the Judicial Branch will also begin making contributions towards prefunding other postemployment benefits. In 2016-17, the state will match Judicial Branch state employees contributions of 1.5 percent effective July 1, 2016. Costs associated with the additional contributions will be reflected in Items 9800-001-0001, 9800-001-0494, and 9800-001-0988.

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 Muñoz, Principal Program Budget Analyst, at (916) 445-3274.

MICHAEL COHEN
Director
By:

/s/ Amy M. Costa

AMY M. COSTA
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Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Mr. Pedro R. Reyes, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Mr. Eric Swanson, Staff Director
Honorable Loni Hancock, Chair, Senate Budget and Fiscal Review Subcommittee No. 5
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. Seren Taylor, Director of Strategic Policy, Assembly Republican Leader's Office
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

“SEC. 3.61. Contribution to Prefund Other Postemployment Benefits.

(a) Notwithstanding any other provision of law, the employers' contribution for prefunding other postemployment benefits for the 2016–17 fiscal year that are chargeable to any item with respect to each state officer and employee who is a member of the Public Employees' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, or the Legislators' Retirement System and who is in that employment or office shall be the monthly dollar amount or the percentage of base salaries and wages or pensionable compensation by bargaining unit, retirement category, fund source, or state office, department, division, board, bureau, commission, organization, or agency, as follows:

Bargaining Unit 5, California Association of Highway Patrolmen.....	7.30% of base pay
<u>Bargaining Unit 6, California Correctional Peace Officers Association.....</u>	<u>1.3% of pensionable compensation</u>
<u>State employees of the Judicial Branch (excluding justices).....</u>	<u>1.5% of pensionable compensation</u>

The Director of Finance may adjust amounts in any appropriation item, or in any category thereof, as a result of changes from amounts budgeted for the employers' contributions for prefunding other postemployment benefits for the 2016–17 fiscal year to achieve the percentages specified in this subdivision.

(b) Notwithstanding any other provision of law, for purposes of calculating the “appropriations subject to limitation” as defined in Section 8 of Article XIII B of the California Constitution, the appropriations shall be deemed to be the amounts remaining after the adjustments required by subdivision (a) are made.

(c) The Director of Finance may adjust the percentage levels of the employers' contribution for prefunding other postemployment benefits listed in subdivision (a) in accordance with either of the following:

- (1) Labor agreements or other legislation approved by the Legislature.
- (2) For employees excluded from collective bargaining, in accordance with salary and benefit schedules established by the Department of Human Resources.

(d) The Director of Finance shall notify the Controller by executive order of adjustments made pursuant to subdivision (c). The executive order shall be submitted not sooner than 30 days after notification of the adjustments in writing to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine. ~~Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations.”~~