

SENATE THIRD READING

SB 115 (Committee on Budget and Fiscal Review)

As Amended February 2, 2022

Majority vote. Budget Bill Appropriation Takes Effect Immediately

SUMMARY

Amends the 2021 Budget Act (AB 128 (Ting), Chapter 21 Statutes of 2021) to implement the 2022 emergency COVID-19 early action package.

Major Provisions

- 1) Appropriates a total of \$1.9 billion General Fund for purposes related to the COVID-19 state of emergency, as proclaimed on March 4, 2020. These funds will be used to increase testing capacity, enhance and expand vaccination programs, bolster the health care system, support frontline workers and address the current surge in COVID-19 cases caused by the Omicron variant. The specified allocations for each department are as follows:

Department of Public Health (DPH) – Appropriates \$1.6 billion General Fund to DPH. DPH indicates this funding will support the following measures:

- a) \$18.2 million for contract tracing.
- b) \$486.7 million for hospital and medical surge.
- c) \$56.6 million for state response operations.
- d) \$599.2 million for statewide testing.
- e) \$399.1 million for vaccine distribution and administration.
- f) \$65 million for information technology.

California Department of Corrections and Rehabilitation (CDCR) – Appropriates \$205.5 million General Fund to CDCR. This funding will be used to support California Correctional Health Care Services' efforts to treat COVID-19 and minimize exposure to incarcerated individuals and staff through testing. CDCR indicates \$161.8 million will support contracts to conduct staff testing. This covers all costs for the testing process (e.g. collection, supplies, lab processing). In addition, CDCR indicates \$43.7 million will support a contracts for laboratory work and registry staff to collect lab samples from incarcerated individuals.

Office of Emergency Services (OES) – Appropriates \$100 million General Fund to OES for ongoing activities undertaken in response to the COVID-19 pandemic. OES indicates the additional appropriation, along with existing funds, will support the following activities:

- a) \$16.4 million for mutual aid.
- b) \$5 million for commodity transport.
- c) \$50 million for personal protective equipment procurement.
- d) \$15 million for equipment.

- e) \$10 million for personnel.
 - f) \$10 million for information technology.
- 2) Appropriates \$30.3 million General Fund to the Department of Water Resources (DWR) for a portion of the costs associated with the installation of equipment necessary to meet emissions control requirements on four 30 megawatt generators that were purchased under an emergency proclamation issued by the Governor in July 2021. In August 2021, under the authority of the emergency proclamation, the Director of Finance authorized the expenditure of \$171.5 million from the Disaster-Response Emergency Operations Account (DREOA) to acquire and install four natural gas generators to help avoid electricity system blackouts. After they purchased the generators, DWR identified a need for an additional \$40.3 million for the installation of the necessary emission controls, upgrades to the interconnection with Pacific Gas and Electric's electricity network, and to address costs associated with North America Electric Reliability Corporation requirements. Earlier this month the Administration used Budget Item 9840 to cover the first \$10 million of these costs, with the remainder to be covered by this appropriation.
 - 3) Transfers \$100 million to the Mental Health Services Fund as a swap for Federal American Rescue Plan Act funds.
 - 4) Exempts contracts to support the administration of the California Reducing Disparities Project from provisions of the Public Contract Code.
 - 5) Appropriates \$1.6 million to DPH to implement the regulation of industrial hemp products pursuant to AB 45 (Aguilar-Curry), Chapter 576, Statutes of 2021.
 - 6) Exempts contracts related to the California Community Living Network from the Public Contract Code and from review or approval by the Department of General Services or the Department of Technology.
 - 7) Appropriates \$3.25 million to the Department of Social Services (DSS) for Administrative Costs for supplemental funding to center-based child care providers in the General Child Care and Migrant Child Care programs.
 - 8) Appropriates \$47.7 million to DSS for supplemental funding for Private-Center Based Child Care Providers (including Administrative costs).
 - 9) Requires the Department of Finance to allocate General Fund resources in Fiscal Year 2021-22 for cash flow loans to the state Emergency Rental Assistance Program, or to locally-administered rental assistance programs, to be paid back with federal funds upon reallocation of federal funds to California for rental assistance. Requires the Department of Finance to forgive the amounts not covered by the federal allocation.
 - 10) Amends Budget Control Section 11.96 to reflect changes in the revenue loss calculation for the purpose of adjusting the allocations of the \$27 billion in State Fiscal Recovery Funds (SFRF) the state received from the American Rescue Plan Act of 2021. Under the revised calculation, the Department of Finance identified an additional revenue loss of approximately \$2 billion, from an estimate of \$9.2 billion in the 2021 Budget Act to \$11.2 billion in the Governor's proposed budget. The revisions do not change total funding levels for any of the

impacted programs and do not result in any net General Fund costs. The language continues to provide the Administration with the flexibility to make adjustments in the allocations of the \$27 billion budgeted from the SFRF for COVID-19 response and recovery activities and requires the Director of Finance to notify the Joint Legislative Budget Committee within 10 days of the transfer of any funds.

11) Makes other minor technical changes.

COMMENTS

This bill amends the 2021-22 budget act to appropriate \$2.1 billion General Fund for "early budget action" associated with current year fiscal costs. Most of these costs are associated with unanticipated COVID-19 costs that are projected to incur during the current fiscal year. These increase costs in part reflects that impact of the Delta and Omicron variants of the virus on COVID-19 testing and response since the budget was adopted in June of 2021.

This bill also makes changes to the claiming of federal American Rescue Plan Act of 2021 funds, reflecting updated federal guidance since the budget was first adopted. These changes result in no net costs.

This bill will be the fifth time the budget, AB 128 (Ting), Chapter 21 Statutes of 2021, will have been amended by the Legislature: On June 28, 2021, the Legislature passed SB 129 (Skinner), Chapter 69, Statutes of 2021, which made amendments based off of AB 128 and represented the budget agreement between the Legislature and the Administration; On July 8, 2021, the Legislature passed AB 161 (Ting), Chapter 43, Statutes of 2021; On July 14, 2021, the Legislature passed AB 164 (Ting), Chapter 84, Statutes of 2021; which is a Budget Bill Junior that made changes to the Budget Act. On September 9, 2021; the Legislature passed SB 170 (Skinner), Chapter 240, Statutes of 2021.

According to the Author

This bill amends the 2021 budget act to reflect additional COVID-19 costs and other unanticipated costs for the current year.

Arguments in Support

None on file.

Arguments in Opposition

None on file

FISCAL COMMENTS

This bill makes various changes to the Budget Act of 2021, including appropriating approximately \$2.1 billion from the General Fund.

VOTES

SENATE FLOOR: 29-8-2

YES: Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

NO: Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk

ABS, ABST OR NV: Borgeas, Limón

UPDATED

VERSION: February 2, 2022

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