SENATE COMMITTEE ON APPROPRIATIONS
Senator Anthony Portantino, Chair
2019 - 2020 Regular Session

AB 50 (Kalra) - Medi-Cal: Assisted Living Waiver program

Version: April 25, 2019
Urgency: No
Hearing Date: July 8, 2019

Policy Vote: HEALTH 8 - 0
Mandate: No
Consultant: Samantha Lui

Bill Summary: Assembly Bill 50 would require, to the extent federal financial participation is available and federal approvals are obtained, the Department of Health Care Services (DHCS) to submit a request for an amendment to the Assisted Living Waiver (ALW) program to increase the total number of participants from 5,744 to 18,500 by March 1, 2023, and to expand participation beyond the 15 existing counties. Would require the waiver amendment reserve at least 60 percent of expanded enrollment for persons transitioning from an institutional setting. Would require DHCS to increase its provider reimbursement tiers to compensate for specified mandatory minimum wage increases.

Fiscal Impact: The DHCS estimates costs for FY 2019-20 would need to be absorbed, as this bill does not contain an urgency clause; $1.0 million in FY 2019-20; and, $1.9 million in FY 2020-21, and ongoing, for 13.0 positions: 4.0 Nurse Evaluator II (NE II) positions to review the initial eligibility of each applicant and any tier change request for current participants; 1.0 Associate Governmental Program Analyst (AGPA) position to perform program operation duties; 4.0 NE II and 4.0 AGPA staff to perform provider onsite reviews to ensure initial and ongoing provider eligibility and compliance with waiver requirements. Funding is 50/50 General Fund/federal fund for the AGPA positions and 25/75 General Fund/federal fund for contract costs. The costing is for five permanent AGPA positions with high travel costs for 4.0 AGPAs. The costing also includes contract funding of $600,000 for Fiscal Year (FY) 2019-2020 and $1.2 million for FY 2020-21, and ongoing (equivalent to eight NE II positions).

The table below reflects costs and significant General Fund savings associated with newly transitioned SNF participants who would receive services through the ALW. The DHCS estimates, based on estimated achievable program expansion, 5,736 slots would become available through FY 2022-23.

FY 2019-20	**Total Funds (TF)**	**General Fund (GF)**	**Federal Fund (FF)**
Total Cost from Waiver Services	$4,029,000	$2,015,000	$2,014,000
Total Savings from SNF Transitions	($7,303,000)	($3,652,000)	($3,651,000)
Net Impact Savings	**($3,274,000)**	**($1,637,000)**	**($1,637,000)**
FY 2020-21	**TF**	**GF**	**FF**
Total Cost from Waiver Services	$34,090,000	$17,045,000	$17,045,000
Total Savings from SNF Transitions	($59,096,000)	($29,548,000)	($29,548,000)
Net Impact Savings	**($25,006,000)**	**($12,503,000)**	**($12,503,000)**

FY 2021-22	**TF**	**GF**	**FF**
Total Cost from Waiver Services	$80,312,000	$40,156,000	$40,156,000
Total Savings from SNF Transitions	($130,711,000)	($65,356,000)	($65,355,000)
Net Impact Savings	**($50,399,000)**	**($25,200,000)**	**($25,199,000)**
FY 2022-23	**TF**	**GF**	**FF**
Total Cost from Waiver Services	$115,779,000	$57,890,000	$57,889,000
Total Savings from SNF Transitions	($220,572,000)	($110,286,000)	($110,286,000)
Net Impact Savings	**($104,793,000)**	**($52,396,000)**	**($52,397,000)**

For additional detail on assumptions, please see Staff Comments.

Background: The Assisted Living Waiver program is one of seven 1915(c) Medicaid home-and community based services (HCBS) waivers in California. The HCBS waiver program allows a state to furnish an array of home and community-based services that assist Medicaid beneficiaries to live in the community and avoid institutionalization. The ALW program offers Medi-Cal eligible beneficiaries, over age 21, the choice of residing in an assisted living setting as an alternative to long-term placement in a nursing facility. The goal of the ALW is to facilitate nursing facility transition back into a homelike and community setting and to prevent skilled nursing admissions for beneficiaries with an imminent need for nursing facility placement. The current ALW permits the expansion of the program into additional counties through a waiver amendment. The assisted living provider is responsible for meeting the needs of the participant, including activities of daily living (ADLs), instrumental ADLs, meals, transportation, medication administration and skilled nursing, as needed. Medi-Cal reimburses for the services provided to residents enrolled in the ALW program; however, the resident is responsible for their own room and board.

AB 2233 (Kalra) established a pilot program from 2006-2009 in three counties. In March 2009, CMS approved the waiver for additional five year terms. Previously, the ALWP had a cap on the number of unduplicated participants, ranging from 3,700 in year one, increasing to 4,464 in year five. In 2014, CMS approved a five year waiver renewal that became effective on March 1, 2014, expired February 28, 2019, and was renewed for another five years in March 2019. In March 2016, the ALWP reached its cap of 3,700 participants. In anticipation of waiver extension, in May 2018, DHCS held two stakeholder meetings on the ALW program. The 2018 May Revision proposed, and 2018 Budget Act enacted, the expansion of waiver slots to 5,744 for 2017-18, 2018-19, and 2019-20.

The ALW program is currently available in 15 counties: Alameda, Contra Costa, Fresno, Kern, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Mateo, Santa Clara, and Sonoma.

Proposed Law: AB 50 would include the following provisions, among others:

- Requires DHCS to submit to the federal Centers for Medicare and Medicaid Services (CMS) a request for an amendment to the ALW program.

- Requires the ALW program to include an phase-in increase in the total number of participants from 5,744 to 18,500 participants by March 1, 2023:
    - An increase of 5,000 participants on March 1, 2020;
    - An increase of an additional 2,750 participants on March 1, 2021;
    - An increase of an additional 2,750 participants on March 1, 2022; and,
    - An increase of an additional 2,256 participants on March 1, 2023.

- Requires the initial phase of additional participants to prioritize participation from the 15 existing counties.

- Requires the ALW amendment to reserve 60 percent of the participant slots from each phase-in for individuals who are transitioning from an institutional setting (defined as a stay of 20 or more consecutive days in a health facility) into the community. Authorizes DHCS to reduce the 60 percent requirement if the ALW is combined with, or converted to, another HCBS program.

- Requires DHCS to outline a process to expand the program's geographic availability, and requires the regional expansion to be phased-in and to occur during the ALW's current five-year term, which ends on February 29, 2024.

- Requires DHCS to notify the Legislature, prior to submitting the ALW amendment, the methodology and supporting data for allotting the number of additional participants among the 15 existing counties and the process for regional expansion.

- Requires the ALW amendment to include an increase to its provider reimbursement tiers to reflect mandatory minimum wage increases that occurred in 2007, 2008, 2014, and 2016, and future mandatory minimum wage increases.

- Requires, at a minimum, the provisions of the ALW amendment pertaining to the number of participants and provider rates, to continue to apply if, prior to March 1, 2024, the ALW program is combined with or converted to another HCBS waiver program.

- Requires DHCS to implement the provisions of the ALW amendment to the extent that FFP is available and within six months of receiving federal approval.

- Requires DHCS to establish a process so a person on the ALW program waiting list each month can know their position on the waiting list and when they are likely to reach the top of the waiting list.

- Specifies public and stakeholder comment processes for DHCS, as part of the ALW waiver application or a renewal process, and if the ALW program is converted or combined with another HCBS program.

Related Legislation: AB 2233 (Kalra, 2018) would have required DHCS to submit to CMS a request for renewal of the ALWP, with an increase in the number of slots from 3,700 to at least 18,500 slots. Governor Brown vetoed AB 2233 stating any further changes should be considered in the budget since the 2018 Budget Act expanded slots.

Staff Comments: The DHCS estimates included the following assumptions:

- On January 1, 2020, the DHCS will hire staff and begin enrolling participants to the program.
- Assumes an average of 90 participants per month will transition to the ALW in FY 2019-20, 113 participants per month will transition in FY 2020-21, 142 participants per month will transition in FY 2021-22, and 178 participants per month will transition in FY 2022-23.
- Although AB 50 allows 12,756 new participants, from FY 2019-20 to FY 2022-23, assumes 5,736 participants will transition into the ALW where 3,442 will be from an institution and 2,294 will be from the community, based on estimated achievable program expansion.
- Assume the average annual cost for waiver services is $18,747 in Current Year (CY) 2020, $20,333 in CY 2021, $21,930 in CY 2022, and $23,793 in CY 2023.
- Assume the average annual cost in a skilled nursing facility (SNF) is $77,280.

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SENATE COMMITTEE ON ENVIRONMENTAL QUALITY
Senator Allen, Chair
2019 - 2020 Regular

Bill No:	AB 970		
Author:	Salas		
Version:	4/12/2019	**Hearing Date:**	7/3/2019
Urgency:	No	**Fiscal:**	Yes
Consultant:	Paul Jacobs		

SUBJECT: California Department of Aging: grants: transportation.

DIGEST: This bill would require the California Department of Aging (CDA) to administer a grant program to fund transportation to and from nonemergency medical services for older individuals and persons with a disability for the purpose of reducing greenhouse gas (GHG) emissions.

ANALYSIS:

Existing law:

1) Requires the California Air Resources Board (ARB), pursuant to California Global Warming Solutions Act of 2006 (AB 32 Núñez, Chapter 488, Statutes of 2006), to adopt a GHG emissions limit equivalent to 1990 levels by 2020 and to use market-based mechanisms (cap-and-trade) to achieve compliance with these regulations.

2) Requires, pursuant to SB 32 (Pavley Chapter 249, Statutes of 2016), that ARB ensure that statewide GHG emissions are reduced to at least 40% below 1990 levels by 2030.

3) Establishes the Greenhouse Gas Reduction Fund (GGRF) in the State Treasury, requires all moneys, except for fines and penalties, collected pursuant to cap-and-trade be deposited in the fund and requires the Department of Finance, in consultation with ARB and any other relevant state agency, to develop, as specified, an investment plan for the moneys deposited in the GGRF, and makes the GGRF funds available for appropriation by the Legislature.

4) Requires CDA to designate various private nonprofit or public agencies as Area Agencies on Aging (AAAs) to work for the interests of older Californians within a planning and service area and provide a broad array of social and nutritional services.

5) States that the mission of CDA is to provide leadership to the AAAs in developing systems of home-and community-based services that maintain individuals in their own homes or the least restrictive homelike environments.

6) Establishes the Medi-Cal program under which qualified low-income persons receive health care benefits and, in part, governed and funded by federal Medicaid program provisions.

7) Defines non-emergency transportation services, for purposes of the Medi-Cal Progam, to include, at a minimum, round trip transportation for a beneficiary to obtain covered Medi-Cal services by passenger car, taxicab, or any other form of public or private conveyance, and mileage reimbursement when conveyance is in a private vehicle arranged by the beneficiary and not through a transportation broker, bus passes, taxi vouchers, or train tickets.

8) Establishes the Charge Ahead California Initiative pursuant to SB 1275 (de León), Chapter 530, Statutes of 2014, that, among other things, includes the goal of placing at least one million zero-emission vehicles (ZEVs) and near-zero-emission vehicles (NZEVs) into service by January 1, 2023, and increasing access to these vehicles for disadvantaged, low-and- moderate-income communities and consumers.

This bill:

1) Requires CDA, in coordination with ARB and the Department of Healthcare Services, to administer a grant program for the purchase, lease, operation or maintenance of ZEVs and NZEVs to provide seniors and the disabled with non-emergency transportation services.

2) Requires grant recipients to provide seniors and the disabled with non-emergency transportation services using these vehicles in order to reduce GHG emissions.

3) Authorizes, but does not limit, eligibility to the following entities:

   a) Local or regional transportation agencies that provide transportation services to seniors and person with disabilities;

   b) AAAs;

   c) Counties;

d) Public transit operators.

4) Requires grant recipients to provide transportation services using the purchase, lease, operation or maintenance of ZEVs or NZEVs with a capacity for seven, 12 or 15 passengers.

5) Authorizes moneys from the GGRF to be used to fund the grant program, upon appropriation by the Legislature.

Background

1) *California Department of Aging*. CDA administers programs that serve older adults, adults with disabilities, family caregivers, and residents in long-term care facilities throughout the state. CDA administers funds allocated under the federal Older Americans Act (OAA), the Older Californians Act, and through the Medi-Cal program. CDA does not currently operate transportation-related programs explicitly analogous to those specified in this bill. However, it does work with the state's 33 AAAs to assist them in leveraging federal OAA Title IIIB Supportive Services Program resources that can be used by the AAAs to provide a variety of transportation services for eligible older adults.

2) Medi-Cal. The federal government authorizes the Medi-Cal program (which may provide service for the elderly and disabled) to specifically cover non-emergency medical transportation services. To clarify and align the state with this authorization, AB 2394 (E. Garcia Chapter 615, Statutes of 2016), required Medi-Cal to cover non-medical transportation for a beneficiary to obtain covered Medi-Cal services. Non-emergency medical transportation is provided when necessary to obtain program covered medical services and when the beneficiary's medical and physical condition is such that transport by ordinary means of private or public conveyance is not feasible.

Comments

1) *Purpose of Bill*. According to the author, "California has many seniors and people with disabilities who suffer from chronic, serious illnesses that limit their mobility in communities throughout the state. Resources for non-emergency medical transportation are limited in many communities, and, where they are available, the vehicles used in those communities use fuels that contribute to air pollution. Significantly, these disadvantages that contribute to a lack of access to health care result in higher morbidity and mortality rates. Addressing geographic distance and transportation difficulties for elderly and disabled patients is a cost-effective way of improving the quality of life and

health outcomes for vulnerable populations, while utilizing zero-emission or near-zero emission vehicles to reduce transportation barriers provides the important co-benefit of improving local air quality and reducing emissions."

2) *Optimal investment for reducing GHGs?* According to a study entitled Traveling Towards Disease: Transportation Barriers to Health Care Access, it was noted that "Millions of Americans face transportation barriers…Transportation barriers lead to rescheduled or missed appointments, delayed care, and missed or delayed medication use. These consequences may lead to poorer management of chronic illness and thus poorer health outcomes."

   While it is a laudable goal to provide seniors and people with disabilities with sufficient transportation services to meet their needs, it is unclear whether investing in the types of vehicles targeted in this bill is the optimal use of funds intended to reduce GHGs and reach the state's ambitious climate goals. ZEV incentive programs should try to optimize GHG reductions from the highest polluting sources, while also targeting new technologies that have the highest potential for market penetration. In practice, this might mean the most cost-effective public investment for reducing GHGs would be to target the replacement of heavy, high mileage, high-volume diesel vehicles. It is unclear if the vehicles targeted in this bill meet this criteria.

3) *Existing ZEV and NZEV incentive programs.* Currently, there are several programs that provide funding for ZEVs and NZEVs. These programs include:

   a) *ARB's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)*. For commercial vehicles, ARB provides grants of up to $300,000 for the purchase or lease of a zero-emission truck or bus and up to $9,000 for eligible hybrid trucks and buses. A variety of buses are available for HVIP vouchers, including school buses, transit buses, commercial buses, and shuttle buses. According to ARB, 160 vouchers have been requested from HVIP totaling over $13 million for ZEV shuttle buses.

   b) *ARB's Clean Mobility Options for Disadvantaged Communities (DAC) Program.* Provides funding for government entities or non-profit organizations to start or expand car share and mobility programs for residents of DACs. The Lift Line Paratransit Dial-a-Ride Program under this program funds ZEVs for nonemergency medical services (medical appointments) and meal site transportation for elderly and disabled individuals. According to ARB, two 16-seat ZEV shuttles (including ADA

Wheelchair lifts) for Lift Line service have already been funded from this program.

c) *ARB's Clean Vehicle Rebate Program (CVRP)*. Provides up to $7,000 to California residents who purchase or lease a new NZEV or ZEV. Private and public entities can access rebates through the CVRP and public fleets are eligible to receive up to 30 rebates per calendar year.

d) ARB's Enhanced Fleet Modernization Program (EFMP)/Clean Cars 4 All Program. Incentives for disadvantaged communities to purchase a new or used hybrid, plug-in hybrid, or ZEV.

e) *ARB's Financing Assistance for Lower-Income Consumers*. Provides low-interest loans and vehicle price buy-downs to consumers for the purchase of plug-in hybrid and battery electric vehicles. Also includes a loan loss reserve to encourage lender participation.

f) The California Energy Commission's (CEC) Alternative and Renewable Fuels and Vehicle Technology Program. Invests in the adoption of advanced technology vehicles, including ZEV and NZEV medium- and heavy-duty vehicles.

g) *Strategic Growth Council's Transformative Climate Communities*. This program could include funding for ZEVs if these vehicles were part of a targeted community strategy or project to reduce GHGs and local air pollution.

h) Caltrans' Low Carbon Transit Operations Program. Provides operating and capital assistance for transit agencies to reduce GHG emissions and improve mobility, with a priority on serving disadvantaged communities.

4) *Challenges with program duplication*. The Legislative Analyst's Office's (LAO) December 2018 report "*Assessing California's Climate Policies—Transportation*" highlighted how program duplication and overlap can lead to inefficiencies. Specifically, the LAO report mentioned program duplication can lead to the following challenges:

   a) *Difficulty in evaluating programs*. Interactions between overlapping programs make it difficult to evaluate the effectiveness of each individual program.

b) *Lack of coordination*. The existence of multiple programs and administering agencies can make state coordination difficult.

c) *Reduced effectiveness from consumer confusion*. Multiple programs could create confusion among potential program recipients, leading to reduced program utilization and effectiveness.

d) *Increased administrative costs.* More programs tends to increase administrative overhead costs.

5) *Avoid program duplication*. Creating another new ZEV incentive program could potentially exasperate the program duplication challenges mentioned previously. Rather than creating a new program, it might be more administratively efficient and effective to embed the proposed program into an existing program that already provides funding for the vehicles targeted in this bill.

Rather than creating another new ZEV incentive program, the Committee may instead wish to amend the bill to embed the proposed program into ARB's existing Clean Mobility Options for DACs Program.

6) *Prioritize ZEVs.* SB 1275 established a statutory goal of placing at least one million ZEVs and NZEVs into service by January 1, 2023. However, when feasible, prioritizing ZEVs for public investment will likely result in greater public benefits.

The Committee may wish to amend the bill to only allow funding for NZEVs when ZEV options are not available.

7) *Public workshop would be beneficial.* This bill is attempting to achieve two goals; (1) meet transportation needs, and (2) do so with clean vehicles that also reduce emissions. A lack of funding appears to be a major challenge to providing the transportation needs identified in this bill. However, it is unclear what the required funding level is to meet these needs, and what funding sources are currently available for these purposes. To provide more insight into the scope of the challenge, as well as available solutions, convening a coordinated public workshop would likely be effective. Some helpful topics that could be discussed in the workshop include:

a) What are the challenges to providing older individuals and persons with a disability transportation to and from nonemergency medical services? What are the required funding levels needed to address this challenge?

b) Which existing programs are the vehicles targeted in this bill already eligible to receive funding from?

c) What educational outreach strategies could be used to promote better utilization of existing funding sources for these types of vehicles?

d) Which existing programs could be modified to allow funding for these types of vehicles?

The Committee may wish to amend the bill to require DOA to hold a public workshop to explore challenges, solutions, and existing funding sources to strategically and effectively meet the transportation needs targeted in the bill.

Related/Prior Legislation

AB 2877 (Mathis of 2018) would have required ARB to provide grants to rural counties for the purchase, operation and maintenance of NZEVs and ZEVs and required these counties to provide seniors and the disabled with non-emergency transportation services using these vehicles. AB 2877 was held on the suspense file of the Assembly Appropriations Committee.

AB 398 (E. Garcia Chapter 135, Statutes of 2017) among other things, extended cap-and-trade provisions until December 31, 2030.

AB 2394 (E. Garcia Chapter 615, Statutes of 2016) required the Medi-Cal program to cover non-emergency medical transportation for a beneficiary to obtain covered Medi-Cal services.

SB 1275 (de León Chapter 530, Statutes of 2014) established the Charge Ahead Initiative, to provide incentives to increase the availability of ZEVs and NZEVs, particularly to low-income and moderate-income consumers and disadvantaged communities.

AB 32 (Núñez Chapter 488, Statutes of 2006) required ARB to develop a plan of how to reduce emissions to 1990 levels by the year 2020, authorized cap-and-trade and also required ARB to ensure that, to the extent feasible, GHGs reduction requirement and programs direct public and private investment toward the most disadvantaged communities.

DOUBLE REFERRAL:

This measure was heard in Senate Human Services Committee on June 10, 2019, and passed out of committee with a vote of 4-0.

SOURCE: California Senior Legislature

SUPPORT:

California Commission on Aging
California Senior Legislature
Contra Costa County Board of Supervisors
Imperial County Area Agency on Aging and Public Administration

OPPOSITION:

Sierra Club

ARGUMENTS IN SUPPORT: According to the California Commission on Aging, "AB 970 makes GGRF funds available to help expand local use of low-emission vehicles in one of the most needed transit areas – non-medical transportation for the elderly and persons with disabilities. Using these dollars this way will help the growing population of older adults and persons with disabilities remain independent while also protecting the environment in the communities where they live."

ARGUMENTS IN OPPOSITION: According to the Sierra Club, "AB 970 would provide clean transportation assistance for seniors and those living with disabilities, which we agree is very important. However, the legislation currently states that the CDA would receive GGRF appropriations for ZEVs and NZEVs. Only ZEVs should be eligible for the GGRF appropriations. We would remove our opposition if the reference to NZEVs was omitted."

-- END --

Date of Hearing: June 18, 2019

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS
Jacqui Irwin, Chair
SB 500 (Morrell) – As Amended May 17, 2019

SENATE VOTE: 37-0

SUBJECT: Veterans: education

SUMMARY: AS PROPOSED TO BE AMENDED. Requires the California Department of Veterans Affairs (CalVet) to establish an education assistance program in order to provide housing and tuition assistance to veterans with a service-connected disability attending graduate school and housing allowance to disabled veterans in a graduate internship or fellowship program that earns credits towards a graduate degree at qualifying institutions in the state, as specified, if their eligibility for federal education assistance has expired. This bill also requires CalVet to develop regulations for these purposes. Specifically, **this bill**:

1) Requires CalVet to establish an education assistance program in order to provide housing and tuition assistance to eligible veterans attending graduate school at the University of California (UC), California State University (CSU), or an independent institution of higher education, as defined in subdivision (b) of Section 66010 of the Education Code.

2) Requires the education assistance program established by CalVet to provide a housing allowance to eligible veterans in a graduate internship or fellowship program that earns credits towards a graduate degree at the University of California (UC), California State University (CSU), or an independent institution of higher education, as defined in subdivision (b) of Section 66010 of the Education Code.

3) Specifies that eligibility for the graduate education assistance program is limited to veterans with a service-connected disability whose eligibility for federal education assistance has expired.

4) Requires CalVet, no later than January 1, 2021, to develop regulations for the purpose of implementing this program, including, but not limited to, application criteria, application process, data collection, accountability for program expenditures, and metrics for evaluation of assistance provided.

EXISTING LAW:

1) Establishes CalVet within state government and sets forth its powers and duties, including, but not limited to, the administration of various programs providing benefits to veterans.

2) Waives mandatory system-wide tuition and fees at any State of California Community College, California State University, or University of California campus for dependents and surviving family members of disabled or deceased veterans, as specified.

FISCAL EFFECT: According to the Senate Committee on Appropriations:

1) Significant costs, potentially in the millions of dollars per year, for providing tuition assistance and housing allowances. (GF)

2) Significant, one-time costs, likely in the hundreds of thousands of dollars, to CalVet for developing regulations to establish and implement the program. (GF)

COMMENTS:

According to the author: "California sends more men and women into the service than almost any other state, and many of these veterans are coming home to an increasingly competitive job market. According to a new survey from CareerBuilder nearly a third of employers are bumping up education requirements for new hires, while 27 percent are recruiting those who hold master's degrees for positions that used to only require four-year degrees. Unfortunately, disabled veterans are returning to California and may no longer perform the jobs they did in the military. For these veterans, California must see to it that they have a competitive edge in the workforce with graduate-level education. SB 500 would create an education program through the California Department of Veterans Affairs (CalVET) that will provide tuition and housing assistance for disabled veterans attending any graduate program, internship, or fellowship."

Background:

Federal Education Benefits Available for Military Members and Veterans

Military members and veterans have access to various federal educational aid programs if they meet the applicable eligibility criteria:

1) The Post-9/11 G.I. Bill is available for military members, veterans, and National Guard members who have served on active duty for at least 90 days after September 11, 2001. This benefit covers full tuition and fees at public schools or covers $23,672 at a private school, with a monthly housing allowance and a stipend for books for up to 3 years.

2) The Montgomery G.I. Bill is available for military members, veterans, and National Guard members who served on active duty for at least two years after June 30th, 1985. This benefit provides up to $21,468 per year for tuition and fees for up to 3 years. A benefit by the same name is available for Military and National Guard members who serve on reserve with a six-year enlistment; they can be eligible for $4,416 per year for up to 3 years.

3) The Military Tuition Assistance Program eligibility varies by military branch, but provides up to $4,500 per year in tuition and fees with a lifetime limit of a certain number of credits for undergraduate and graduate work; the beneficiary must remain in service during their coursework to qualify.

4) The Yellow Ribbon Program is a provision of the law that created the Post-9/11 GI Bill. The Yellow Ribbon Program is available for Institutions of Higher Learning (degree granting institutions) in the U.S. or at a branch of such institution located outside the U.S. The program allows approved institutions of higher learning and the VA to partially or fully fund tuition and fee expenses that exceed the established thresholds under the Post-9/11 GI Bill (VA matches the amount contributed by the school). Schools have the flexibility to designate the number of students and contributions based on student status (undergraduate, graduate, doctoral) and college or professional school. For example, the school could specify $1,000 for undergraduates, $1,500 for graduate students and $2,000 for doctoral students.

The school also could specify $1,800 for students in the school of engineering and $2,500 for students in the school of nursing.

5) VA Vocational Rehabilitation and Employment (VR&E, Chapter 31) is available for veterans with a service-connected disability that limits their ability to work or prevents them from working. Services in this program include (among others): post-secondary training at a college, vocational, technical, or business school; on the job training (OJT), apprenticeships, and non-paid work experiences; and supportive rehabilitation services including case management, counseling, and medical referrals. In some cases, veterans participating in the VR&E program may receive a subsistence allowance while they pursue an educational or training program in preparation for a future career. The subsistence allowance is paid each month, and is based on the rate of attendance in a training program (full time, three quarter time, or half time), the number of dependents, and the type of training. If a veteran qualifies for the Post-9/11 GI Bill they may be eligible to receive the Basic Allowance for Housing (BAH) rate for subsistence. A full time student with no dependents is eligible for a subsistence allowance of $631.85 a month.

6) Troops to Teachers (TTT) is a U.S. Department of Education and Department of Defense program that helps eligible military personnel begin a new career as teachers in public schools. Pending availability of funds, financial assistance may be provided to eligible individuals as stipends up to $5,000 to help pay for teacher certification costs or as bonuses of $10,000 to teach in schools serving a high percentage of students from low-income families. Participants who accept the Stipend or Bonus must agree to teach for three years in schools that serve students from low-income families in accordance with the authorizing legislation.

California student veterans

While it is difficult to estimate the number of veterans currently pursuing graduate education that would be eligible for the proposed program, the enrollment data that is available suggests a small population of eligible student veterans. According to the University of California (UC), over 1,600 military veterans are enrolled statewide and approximately 300 are graduate students. According to the California State University (CSU), in 2017, 5,401 veterans were using federal education benefits on CSU campuses. This figure, however, does not differentiate between undergraduate and graduate students. Of those CSU students, 1,145 were using VR&E, which typically requires a disability rating of 20% or greater.

Cost of attendance

Graduate school costs include the tuition and fees that pay for a student's education, as well as the costs incurred for books and supplies to complete their coursework. While they attend school, students also incur living expenses, including as housing, food, and transportation.

Today's college students face significant non-tuition costs, particularly housing: all three public segments and the private non-profits indicate many students will spend at least $12,000 annually on room and board in 2018-19.

Graduates students are acutely affected by high housing costs as they rarely have access to on-campus housing, which is typically reserved for undergraduate students. Research has demonstrated that increased financial hardship negatively impacts a student's success in achieving their desired credential.

Committee amendments

Amendments define qualifying non-state institutions with reference to subdivision (b) of Section 66010 of the Education Code.

REGISTERED SUPPORT / OPPOSITION:

Support

American G.I. Forum of California
Amvets, Department of California
California Association of County Veterans Service Officers
California Association of Veteran Service Agencies
California State Commanders Veterans Council
Vietnam Veterans of America, California State Council

Opposition

None on file.

Analysis Prepared by: Wesley Whitaker / V.A. / (916) 319-3550

Date of Hearing: July 2, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES
Eloise Gómez Reyes, Chair
SB 512 (Pan) – As Amended April 25, 2019

SENATE VOTE: 35-1

SUBJECT: Long-term services and supports

SUMMARY: Establishes the "California Long-Term Services and Supports Benefits Board" (LTSS Board), the "California Long-Term Services and Supports Benefits Trust Fund" (LTSS Trust), and the "California Long-Term Services and Supports Advisory Committee," and requires the California Long-Term Services and Supports Advisory Committee to provide advice and recommendations to the LTSS Board which is, in turn, charged with managing and investing revenue deposited into the LTSS Trust, designed to help finance long-term services and supports (LTSS) for eligible older adults and for individuals with disabilities in California. Specifically, **this bill**:

1) Makes a number of Legislative findings and declarations related to: the size, growth, increasing diversity, and varied needs of the population of older adults and individuals with disabilities living in California; the need for and important role that LTSS play for older adults and individuals with disabilities; the costs associated with LTSS, and the stress these costs place on individuals, family members, and certain public programs; California's need for additional LTSS resources, and the need to better support the healthcare workforce; and the state's continued commitment to promoting the ability of older adults and individuals with disabilities to live independently in their own homes and their communities, as specified.

2) States Legislative intent to, consistent with the United States Supreme Court Olmstead decision, as specified, advance its commitment to older adults and individuals with disabilities by creating a funding stream and a program to provide for LTSS for eligible Californians.

3) Creates within state government the LTSS Board, to consist of the following nine individuals: the Treasurer (to serve as Chair), the Secretary of California Health and Human Services (to serve as vice chair), the Director of Finance (or designee), the Controller (or designee), two individuals with expertise in LTSS provision and financing (with one each to be appointed by the Senate Committee on Rules and the Speaker of the Assembly, respectively), a consumer of LTSS who is 60 years of age or older (to be appointed by the Governor), an individual who has lived with a disability and/or chronic condition for most of their life (to be appointed by the Governor), and an unpaid family caregiver to an older adult or individual with a disability (to be appointed by the Governor).

4) Creates the LTSS Trust in the State Treasury and establishes the following requirements regarding the LTSS Trust:

   a) Requires the LTSS Board to manage and invest revenue deposited in the LTSS Trust;

b) Requires moneys in the LTSS Trust to be available, upon appropriation by the Legislature, to finance LTSS for eligible older adults and for individuals with disabilities in California; and,

c) Requires all costs of administration to be paid out of funds in the LTSS Trust, once sufficient funds are deposited in the LTSS Trust to be self-sustaining.

5) Creates within state government the California Long-Term Services and Supports Advisory Committee, required to provide ongoing advice and recommendations to the LTSS Board and to consist of nine members (with three each appointed by the Senate Committee on Rules, the Speaker of the Assembly, and the Governor), with at least one member of the advisory committee being each of the following: a provider of LTSS, a consumer of publicly financed LTSS, a representative of a labor union that is the designated representative of in-home supportive services (IHSS) providers, an advocate for older adults, and advocate for persons with disabilities who rely upon LTSS, and a family caregiver.

6) Repeals the provisions of this bill establishing the California Long-Term Services and Supports Advisory Committee as of January 1, 2025.

EXISTING LAW:

1) Reauthorizes the Older Americans Act of 1965 to, among other things, protect vulnerable seniors and promote the delivery of evidence-based programs. (Public Law [PL] 114-144)

2) Establishes the "Mello-Granlund Older Californians Act" to reflect the policy mandates and directives of the Older Americans Act of 1965, as amended, and sets forth California's commitment to its older population and other populations served by programs administered by the California Department of Aging (CDA). (Welfare and Institutions Code [WIC] Section 9000 *et seq.*)

3) Establishes the "Aging and Disability Resource Connection" (ADRC) program to provide information to consumers and their families regarding available LTSS programs and to assist older adults, caregivers, and persons with disabilities in accessing local LTSS programs, and sets forth requirements related to the administration and responsibilities of an ADRC program. (WIC 9120)

4) Describes, within the federal Patient Protection and Affordable Care Act, the "No Wrong Door – Single Entry Point System" as the development of a statewide system to enable consumers to access all LTSS through an agency, organization, coordinated network, or portal, in accordance with state-established standards, that provides information regarding the availability of such services, how to apply for such services, referral for services and supports otherwise available in the community, and determinations of financial and functional eligibility for such services and supports, or assistance with assessment processes for financial and functional eligibility. (PL 111-148 Section 10202 (c)(5)(A))

5) Establishes the "California Residential Care Facilities for the Elderly Act" to provide for the licensure and regulation of residential care facilities for the elderly (RCFEs) as a separate category within the existing licensing structure of the California Department of Social Services (CDSS). (Health and Safety Code [HSC] 1569 *et seq.*)

6) Defines "residential care facility for the elderly" to mean a housing arrangement chosen voluntarily by individuals ages 60 and older, or their authorized representative, where varying levels and intensities of care and supervision, protective supervision, personal care, or health-related services are provided, based upon their varying needs, as determined in order to be admitted and to remain in the facility. (HSC 1569.2(p)(1))

7) Provides for the licensure and regulation of health facilities, including skilled nursing facilities (SNFs), by the Department of Public Health. (HSC 1250 *et seq.*)

8) Defines a "skilled nursing facility" to mean a health facility that provides skilled nursing care and supportive care to patients whose primary need is for availability of skilled nursing care on an extended basis. (HSC 1250 (c))

9) Establishes the "In-Home Supportive Services" (IHSS) program to provide supportive services, including domestic, protective supervision, personal care, and paramedical services as specified, to individuals who are aged, blind, or living with disabilities, and who are unable to perform the services themselves or remain safely in their homes without receiving these services. (WIC 12300 *et seq.*)

FISCAL EFFECT: According to the Senate Appropriations Committee on May 13, 2019, this bill may result in the following costs:

- Staff support for the LTSS Board would require costs in the hundreds of thousands of dollars, likely to the State Treasurer, who would serve as a chair of the Board. (General Fund [GF])
- Staff support for the LTSS Advisory Committee would require costs in the hundreds of thousands of dollars, likely to the California Health and Human Services Agency. (GF)
- Potentially significant cost pressure to implement any recommendations that the Committee develops. (GF)

COMMENTS:

California's aging population and associated needs: CDA reports that the portion of California's population over the age of 60 is anticipated to grow by 166% between 2010 and 2060. The number of Californians in this age group will grow three times as fast as the state's overall population in the coming decades. The population of Californians over the age of 85 will grow at an even faster rate, with an estimated overall increase of 489% between the years 2010 and 2060.

A 2015 report by the Public Policy Institute of California pointed to higher population growth rates among certain racial/ethnic groups:

> "The number of seniors in every major racial/ethnic group will increase by 2030. Whites will remain the largest group and are projected to grow by 53 percent (1.5 million people). However, the fastest rates of growth will occur among nonwhite populations, especially Latinos (170%, or 1,430,000 people) and Asians (118% or 765,000 people). The African American senior population will increase by 96 percent, or 230,000 people.
>
> "Because Latino and Asian senior populations are growing so quickly, they will make up an increasing share of the total over-65 population going forward. Since 1990, there has been a steady decline in the percent of seniors who are white, and by 2030 that fraction is

> expected to dip to just below 50 percent. At that point, no ethnic group will constitute a majority of the senior population. Latinos will have increased from 18 percent in 2012 to 26 percent by 2030; Asians will grow from 14 percent to 16 percent. The fraction of seniors who are African American will hold constant at 5 percent."

Legislative and other efforts in past years have pointed to the need to meet the growing demand for culturally competent services and supports older adults and individuals with disabilities and to the need for better coordination of service availability and delivery across the myriad programs and services in the state. For example, in 2015, the Senate Select Committee on Aging and Long-Term Care released a report that stated that,

> "To date, California has not responded to the increase in the aging population or the rich cultural and ethnic diversity of the state. We are plagued by a lack of capacity – especially in rural areas – in services, supports, and workforce across a range of disciplines.
>
> "The challenge before us is two-fold. First, over 5.1 million persons age 65 an over will call California home by 2015. Due to aging Baby Boomers and migration patterns, that number will grow to 8.4 million by 2030 – or nearly one fifth of the population. Second; as the Baby Boom population ages, it will become more ethnically diverse, driving demand for culturally competent service delivery.
>
> "Reliance upon our existing patchwork of programs and services to serve our growing aging and disabled population will result in unnecessary expenditures, inequitable access, and irrelevant services. Furthermore, under the existing fragmented structure there is no leader to oversee or coordinate the entire range of services, and no mechanism for accountability or improvement."

Long-term services and supports: LTSS include a wide array of health services, health-related services, and other forms of assistance for individuals – including older adults and individuals with disabilities or chronic illnesses – who need help completing their daily routines over an extended period of time. According to the Congressional Research Service, "The need for LTSS affects persons of all ages and is generally measured by limitations in an individual's ability to perform daily personal care activities such as eating, bathing, dressing, or walking, and activities that allow individuals to live independently in the community, including shopping, housework, and meal preparation. The probability of needing LTSS increases with age. As the nation's population aged 65 and older continues to increase in size, and individuals continue to live longer post-retirement, the demand for LTSS is also expected to increase."

LTSS spending comprises a substantial portion of all personal health care spending: in 2016, close to $366 billion was spent on LTSS in the U.S. – this represents 12.9% of the total cost of personal health expenditures ($2.8 trillion). Costs associated with LTSS include: residential services (such as assisted living facilities and nursing homes); services to maintain an individual in their own home (such as in-home personal care assistance and homemaker services); and an array of community-based services (including adult day health care services). The costs of LTSS are also likely underreported, considering the significant amount of unpaid care provided by family, friends, and others.

For the $366 billion in LTSS costs recorded in 2016, public sources of funding paid for over 70%. The two largest public payers were Medicaid (over 42% of total nationwide costs) and Medicare (almost 22% of total costs). The remaining portion of total LTSS costs – about 6%

– that is paid for by public programs comes from sources like the Veterans Health Administration and Children's Health Insurance Program.

Individuals who do not have access to public funding for LTSS are left to rely on private sources, which in 2016 accounted for almost 30% of all LTSS expenditures. The largest component of private sources, at almost 16% of total nationwide costs, was out-of-pocket spending. Private insurance (including health insurance and long-term care insurance) made up the next largest source at almost 8%. The remaining portion (almost 7% of total costs) of private funding came largely from philanthropic contributions.

Accompanying the high costs of LTSS can be confusion regarding, lack of preparation for, and pessimism about long-term care options and affordability among the general public. A 2017 long-term care poll conducted by The Associated Press-NORC Center for Public Affairs found that 67% of older Americans have done little or no planning for long-term care. Two-thirds of Americans age 40 and older felt that the country is not prepared for the rapid growth of the older adult population, and a large percentage (86%) of respondents reported believing that the government should devote some amount of effort into helping people with the costs of ongoing living assistance. An older poll from 2015 found that 34% of respondents erroneously believed that Medicare would pay for nursing home care, and another 39% were unclear; only 27% knew that Medicare is not a viable long-term option for covering LTSS costs.

Need for this bill: This bill seeks to create a structure for beginning to address the long-term care needs of Californians as the state's population of older adults grows and as need remains among the state's population of individuals with disabilities. According to the author, "This bill…creates the framework and roadmap for a new program that would provide older Californians and Californians living with a disability with access to long-term services and supports. These are things like help in the home with day-to-day tasks and health maintenance, and help provided in assisted living and other supportive housing settings.

"California needs a new LTSS program that provides flexible benefits responsive to each person's unique needs. This program must preserve dignity, choice, and intentionality for individuals and families with service and support needs, and be linked to a new, sustainable funding source. This would help relieve the increasing demographic and financial pressure on our Medi-Cal system."

Recommended amendments: In order to correct an incorrect cross-reference to the Olmstead decision, ***committee staff recommends the following amendments beginning on line 36 of page 4 of the bill:***

(13) As California seeks new options for funding long-term services and supports, it will continue its commitment to promote the ability of California's older adults and individuals with physical and mental disabilities to live independently in their homes and their communities, consistent with the United States Supreme Court's decision in Olmstead v. L.C. ~~(1998) 525 U.S. 1062~~ *, 527 U.S. 581 (1999)*.

(b) It is the intent of the Legislature to, consistent with the principles of the United States Supreme Court's decision in Olmstead v. L.C. ~~(1998) 525 U.S. 1062~~*, 527 U.S. 581 (1999)*, advance its commitment to older adults and individuals with physical and mental disabilities

Double referral: This bill passed out of the Assembly Aging and Long Term Care Committee on June 11, 2019, with a 7-0 vote.

RELATED LEGISLATION:

AB 1136 (Nazarian) of 2019 would have created the "California Department of Community Living" to better coordinate and guide a person-centered system for delivering services to older adults, people with disabilities, and their caregivers. AB 1136 was held on the Assembly Appropriations Committee suspense file.

AB 1287 (Nazarian) of 2019 would require the development of a plan and strategy for the statewide implementation of the No Wrong Door system and the development of a universal assessment tool to assist older adults, people with disabilities, and caregivers in obtaining accurate information and appropriate community services and supports. AB 1287 is set to be heard on July 8, 2019, in the Senate Human Services Committee.

AB 1382 (Aguiar-Curry) of 2019 would require that the Master Plan for Aging include an implementation plan specifying objectives, and timelines relative to both the paid workforce and unpaid family caregiver workforce. AB 1382 is set to be heard on July 8, 2019, in the Senate Human Services Committee.

SB 228 (Jackson) of 2019 would require the Governor to appoint a Master Plan Director and establish an Aging Task Force to work together with the Master Plan Director to develop a Master Plan for an Aging California that meets a number of specified criteria and that empowers older adults and individuals with disabilities to age with dignity, choice, and independence. SB 228 is set to be heard on July 2, 2019, in the Assembly Human Services Committee.

SB 611 (Caballero) of 2019 would require the Governor to establish the Master Plan for Aging Housing Task Force to assess the housing issues affecting California's aging population. SB 611 is set to be heard on July 9, 2019, in the Assembly Aging and Long-Term Care Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Disability Rights California (Sponsor)
UDW/AFSCME Local 3930 (Sponsor)
AARP
American Federation of State, County and Municipal Employees, AFL-CIO
California Aging & Disability Alliance
California Assisted Living Association
California Association for Adult Day Services
California Association for Health Services At Home
California Association of Health Facilities
California Commission on Aging
California Domestic Workers Coalition
California Long-Term Care Ombudsman Association
CalPACE
Congress of California Seniors
Disability Rights Education and Defense Fund

Hand in Hand: The Domestic Employers Network
Justice in Aging
LeadingAge California
State Council on Developmental Disabilities
State Independent Living Council
The Arc of California
United Cerebral Palsy California Collaboration

Opposition

None on file

Analysis Prepared by: Daphne Hunt / HUM. S. / (916) 319-2089

Date of Hearing: June 17, 2019

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION
Autumn R. Burke, Chairwoman

SB 562 (Morrell) – As Amended March 25, 2019

FOR TESTIMONY ONLY

Majority vote. Tax levy. Fiscal committee.

SENATE VOTE: 38-0

SUBJECT: Property taxation: exemption: principal residence: disabled veterans and their unmarried surviving spouses

SUMMARY: Increases the property tax disabled veterans' exemption amounts to $200,000 or $250,000 of assessed value and increases to $65,000 the household income threshold for the higher exemption amount of $250,000. Specifically, **this bill**:

1) Increases the non-inflation adjusted exemption amounts of $100,000 and $150,000 (for income-qualified households) to $200,000 and $250,000, beginning with the January 1, 2020 lien date for fiscal year (FY) 2020-21.[1] This increases the inflation-adjusted exemption amount by $60,563 in assessed value and by $40,844 in assessed value for income-qualified households.

2) Increases the non-inflation adjusted household income threshold of $45,000 to $65,000.[2] This increases the inflation-adjusted household income threshold by $2,386.

3) Delays the next annual inflation adjustment to the increased exemption amounts of $200,000 and $250,000 to January 1, 2021.

4) Applies the next annual inflation adjustment to the increased income threshold of $65,000 on January 1, 2020.

5) Specifies that no appropriation is made and the state will not reimburse local agencies for property tax revenues lost by them pursuant to this bill.

6) Takes immediate effect as a tax levy, but the increased exemption amounts applies beginning with FY 2020-21.

EXISTING LAW:

1) Authorizes the Legislature to provide a full or partial exemption from property tax for the home of a veteran who is totally disabled because of injury or disease incurred in military

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[1] For FY 2019-20, the inflation-adjusted exemption amounts are $139,437 and $209,156.
[2] For FY 2019-20, the inflation-adjusted income threshold is $62,214.

service, or the veteran's surviving unmarried spouse (known as the disabled veterans' exemption). Extends the exemption to include the surviving spouse of a person who died as a result of service-connected injuries while on active military duty.[3] Implements the constitutional authorization by providing an exemption amount depending on household income.[4]

a) The general exemption amount is $100,000 of assessed value, adjusted annually for inflation ($139,437 for FY 2019-20).

b) The higher income-based exemption amount is $150,000 of assessed value, adjusted annually for inflation ($209,156 for FY 2019-20). The higher exemption amount applies if the veteran's household income does not exceed $40,000, adjusted annually for inflation (below $62,614 for FY 2019-20).

2) Defines a "totally disabled veteran" as a veteran who has a disability rating at 100% from the United States Department of Veterans Affairs (USDVA), or the military service from which the veteran was discharged, or has a disability compensation rating at 100% because the veteran is unable to secure or follow a substantially gainful occupation.

3) Extends the constitutional exemption by statute to the surviving unmarried spouse of a non-100% rated disabled veteran, if the veteran's subsequent death is service-connected, as determined by the USDVA.

4) Requires both the exemption amounts and the household income limit to be adjusted by an inflation factor, as specified, that is the annual percentage change measured from February to February of the two previous assessment (calendar) years that is based on the Calfiornia Department of Industrial Relations published Calfiornia Consumer Price Index for all items.

FISCAL EFFECT: The State Board of Equalization estimates that this bill will result in an annual property tax revenue losses of $21.5 million.

COMMENTS:

1) The author has provided the following statement in support of this bill:

> The median home price in California is $538,690 and continues to rise. The property taxes for a home of this value exceed more than $5,000 per year. Unfortunately, the property tax exemptions for disabled veterans have not kept up with the increasing costs of homeownership in California. When disabled veterans were first granted a property tax exemption in 1974, the median home price was $34,610. The property tax exemption in 1974 was $10,000 – nearly one-third of the cost of the home. SB 562 would increase the property tax exemptions for disabled veterans, which would allow the exemptions to keep up with the rising cost of living in California. This bill will make the prospect of homeownership more of a reality for newly returning disabled service members, while also providing relief to Vietnam-era veterans who are living solely on the pension they receive.

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[3] California Constitution, Article XIII, Section 4.
[4] Revenue and Taxation Code (R&TC) Section 205.5.

2) Supporters of this bill state:

   The cost of a home in California continues to rise and veterans returning to California need to be able to manage the price of homeownership. Many of the state's disabled veterans are living only on the pension they receive and are unable to find work to support the cost of living. Increasing the exemption on their property taxes will provide greater financial security for these men and women.

3) Committee Staff Comments:

   a) *What does this bill do*? This bill has two parts. First, this bill increases the current inflation-adjusted disabled veterans' exemption amount by $60,563 in assessed value from $139,437 to $200,000 and for income-eligible households by $40,844 in assessed value from $209,156 to $250,000. Second, this bill increases the current inflation-adjusted household income threshold for the higher exemption amount by $2,386 from $62,614 to $65,000. This represents about $600 in property tax savings for disabled veterans and a $400 property tax savings for income-qualified disabled veterans.

   b) *California disabled veteran homeowner statistics*: In FY 2018-19, about 49,000 exemptions were granted to homes owned by eligible disabled veterans or their unmarried surviving spouses, with about 9% of those homes receiving the higher income-based exemption. For about 30% of these homeowners, the current exemption amounts suffice to provide a full exemption. Specifically, the BOE estimates about 31% of homes receiving the general exemption, and 30% of the homes receiving the higher income-based exemption, are exempt under current levels.

   c) *Statewide average assessed values and current average home selling prices:* For FY 2018-19, the statewide average assessed value of homes receiving the homeowners' exemption was about $412,000. (The homeowners' exemption is available to all homeowners in the amount of $7,000 of assessed value.) The California Association of Realtors® reports the April 2019 statewide median home price for single family homes was $602,920.

   d) *The scope of the disabled veterans' exemption:* The disabled veterans' exemption reduces the assessed value of a disabled veteran's home, which, in turn, reduces (or eliminates) the *ad valorem* property tax imposed upon the property. This exemption includes the basic 1% tax rate and any voter-approved bonded indebtedness, but not the direct levies, special taxes, and special assessments that might be due on the property and collected via the annual property tax bill.

   e) *The fiscal impact on local governments:* The disabled veterans' exemption, unlike the homeowners' exemption, does not require the state to reimburse property tax revenue recipients for the lost tax revenue resulting from the exemption. This bill would more significantly impact those local governments in counties that have a large number of eligible disabled veterans and unmarried surviving spouses. The 10 counties with the greatest number of homes receiving the disabled veterans' exemption in descending order are San Diego (7,159); Riverside (4,961); Los Angeles (3,477); San Bernardino (2,908); Sacramento (2,539); Solano (2,056); Orange (1,919); Contra Costa (1,242); Kern (1,171); and Ventura (1,091).

f) *Household income inflation adjustment:* This bill delays the first inflation adjustment to the increased exemption amounts to January 1, 2021, but this bill does not delay the start date of the inflation adjustment to the household income threshold. As a result, if this bill were enacted and became effective on October 13, 2019, which is the last day to sign or veto bills, the household income threshold would immediately increase to $65,000. In practical terms, this would allow any new homebuyer to be eligible for the higher disabled veterans' exemption using the $65,000 income threshold. On January 1, 2020, the $65,000 threshold would be adjusted for inflation for the FY 20-21 for all other existing homeowners. However, this disjointed treatment issue complicates the administrative implementation of this bill.

g) *Committee's tax expenditure policy*: SB 1335 (Leno), Chapter 845, Statutes of 2014, added R&TC Section 41, which recognized that the Legislature should apply the same level of review used for government spending programs to tax credits introduced on or after January 1, 2015. This year, this Committee adopted a policy requiring that all new tax expenditure proposals, including an expansion of an exemption such as this bill proposes, comply with the requirements of R&TC Section 41. A tax expenditure proposal must outline specific goals, performance indicators, and data collection provisions for the Legislature to evaluate the effectiveness of the tax expenditure. A tax expenditure bill will not be eligible for a Committee vote unless it has complied with these requirements. This bill does not include currently comply with this policy.

h) *Ten-year sunset provisions*: In addition to the R&TC Section 41 requirements, this Committee's policy also requires that all tax expenditure proposals contain an appropriate sunset provision to be eligible for a vote. According to the policy, this means ten years in the case of a tax expenditure providing relief to California veterans. Without a sunset, tax expenditures are created with a majority vote, but require a 2/3rds vote to rescind. This bill does not currently comply with the Committee's policy on sunset dates.

i) *Double referral:* This bill is double referred to the Assembly Committee on Veterans Affairs.

j) *Related legislation*:

   i) SB 364 (Stone) as introduced, included a provision to fully exempt of a disabled veteran's home from the *ad valorem* property tax. This provision was amended out of SB 364 in the Senate Appropriations Committee and SB 364 now only proposes to eliminate annual inflation adjustments to the assessed values of homes owned by income-eligible veterans over the age of 65 ($50,000 or $100,000 depending on marital status). SB 364 will be heard for testimony only by this Committee today.

k) *Prior legislation:*

   i) AB 2254 (Lackey), of the 2017-18 Legislative Session, would exempt fully a disabled veteran's home. AB 2254 was held on the Assembly Appropriations Committee's Suspense File.

   ii) AB 3209 (Frazier), of the 2017-18 Legislative Session, would exempt fully a disabled veteran's home but would retain the current exemption amounts for widowed spouses of disabled veterans and widowed spouses of active duty personnel. AB 3209 was held on the Assembly Appropriations Committee's Suspense File.

iii) SB 404 (Stone), of the 2017-18 Legislative Session, would have provided a full exemption. SB 404 was held on the Senate Appropriations Committee's Suspense File.

iv) SB 1104 (Stone), of the 2015-16 Legislative Session, would have provided a full exemption. SB 1104 was held on the Senate Appropriations Committee's Suspense File.

v) AB 1556 (Mathis), of the 2015-16 Legislative Session, would have increased the exemption amount to $2.1 million of assessed value. AB 1556 was held on the Assembly Appropriations Committee's Suspense File.

vi) SB 1183 (Bates), of the 2015-16 Legislative Session, would have increased the exemption amount to $1 million of assessed value. SB 1183 was held on the Senate Appropriations Committee's Suspense File.

REGISTERED SUPPORT / OPPOSITION:

Support

American G.I. Forum of California
American Legion, Department of California
AMVETS, Department of California
California Assessors' Association
California Association of County Veterans Service Officers
California State Commanders Veterans Council
Disabled American Veteran (DAV), Department of California
Homes for Our Troops
Military Officers Association of America, California Council of Chapters
Vietnam Veterans of America, California State Council

Opposition

None on file

Analysis Prepared by: Rose Marie Kinnee / REV. & TAX. / (916) 319-2098